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World Business Newspaper

FRIDAY FEBRUARY 17 1995

# D-Mark rises as Mexican financial crisis hits dollar

By Philip Gawith and Philip Coggan in London

Worries about the Mexican financial crisis and European political problems yesterday drove the D-Mark higher against the dollar creating market expectations of co-ordinated central bank intervention to support the US cur-

European currencies were also weaker against the D-Mark, with the Italian lira falling to a record low and the French franc touching its lowest level for 15 months. The Bank of Italy intervened to

support the lira and the Bank of Portugal was reported to be buying escudos.

Stock markets reacted badly to the news, and failed to benefit from Tues-day's buoyant trading session on Wall Street when the Dow Jones Industrial Average hit a record high. The Dow retreated yesterday, falling 7.4 points to 3,978.77 in early afternoon trading.

The lira's weakness, provoked by worries over the passage of a mini-budget, drove the Milan stock market down by 2.2 per cent, while in London, the FT-SE 100 Index fell 23.8 points, or 0.8 per cent,

Mexico stocks down again.....Page 5 Currencies, Page 31; London stocks, Page 36; World stocks, Page 40

The dollar lost nearly two prennigs on the day, finishing in London at DM1.4914, its lowest level since the Federal Reserve stepped in to support it last November. It was later trading at DM1.4880 in the New York afternoon. The pound was also weaker against the D-Mark, but gained ground against

the dollar to close in London at \$1.5767. With the dollar just above DM1.4860, where the Fed last interveoed, markets believe there is a strong likelihood of intervention over the next few days.

Mr Paul Chertkow, head of global cur-

rency research at UBS in London, said: "The dollar is on a preciplee of a crisis of confidence . . . We need clear evidence that the US Treasury is concerned about the dollar."

Worries about Mexico have risen this week following an interest payment default by the Mexican company Grupo Sidex, which created fears that other

companies might follow suit. Apparent intervention by the Bank of Mexico to support the peso also led the market to conclude that the Mexican authorities were more concerned about the currency than the country's underlying economic problems.

Mr Guillermo Ortiz, the Mexican finance minister, was due to talk to Mr Robert Rubin, US Treasury secretary. yesterday about the terms of a \$20bn credit line for Mexico.

Latin American stock markets were

Continued on Page 20

### Intel unveils chip with twice power of predecessor

Intel has unveiled a new generation of computer chips with more than twice the processing power of its Pentium microprocessors. The P6 promises a leap in personal computer performance which could enable low-cost home and office systems to handle speech recognition, full-motion video conferencing and image processing within two or three years. Page 21; Hewlitt-Packard delights Wall St, Page 24

OECD says inflation at 30-year low: Consumer prices in the leading industrialised countries last year fell to their lowest level since the OECD started keeping inflation records in 1961. Prices in all of the OECD's 25 member countries, except Turkey, rose at an average of 2.4 per cent.

China bans provincial borrowing: China has banned borrowing overseas by provincial govern-ments to restrain growth in the country's foreign debt, which stands at about \$100bn. Page 20

Merrill Lynch wins Israel telecoms race: Israel said US-based investment house Merrill Lynch had won the hotly contested race to lead the global stock offering of 25 per cent of Bezeq, the state-owned telecommunications company. Page 21

AT&T dropped from \$5bn project: US telephone company Bell Atlantic has dropped telecommunications operator AT&T from a key role on a \$5bn information superhighway project. Page 20

Kleinwort Benson profits down: UK-based investment bank Kleinwort Benson reported pretax profits of \$151.6m in 1994 from continuing operations, down 5 per cent in the face of difficult market conditions. Page 21; Lex, Page 20

Forum on European aerospace: British, French and German ministers and industrialists have set up a forum to discuss the future of the European aerospace industry. Page 20

Japan seeks to help US vehicle imports: Japanese officials may survey 1,600 car dealers on their willingness to sell US vehicles in an attempt to break the stalemate over vehicle imports. Page 6

EU questions Turkish human rights: The

European Parliament threw further doubt on plans to grant Turkey access to EU markets saying they would not approve a deal unless they heard reports of progress in the human rights area. N Korea rejects US demands: North Korea

cast further doubt on its nuclear agreement with the US by rejecting a demand from Washington that it resume talks with South Korea. Page 4

No Champagne for YSL: Yves Saint Laurent perfumes will stop selling perfume named "Cham-pagne" by 1999 as part of an agreement to settle a long dispute with France's powerful champagne lobby which wants to to restrict the name to wines grown in the French region. Page 22

Rival bids for Indonesian satellite group: Cable & Wireless of the UK, Deutsche Telekom, France Telecom and Nynex of the US are competing to buy into unlisted Indonesian satellite communications company Satelindo. Page 26

House votes to cut UM funds: The House of Representatives rebuffed US president Bill Clinton's veto threat and agreed to a measure that would slash US contributions to United Nations peacekeeping operations. Page 5

British PM spologises for football riot



John Major (left), the UK prime minister, apologised to his Irish counter part John Posters rioting by England foot-ball fans in Dublin on Wednesday. Mr Major said the fans "are not the true face of Britain or of British sport". Officials said the prime minister still believed England should host the European football championships in 1996. Page 9

Albright valued at \$729m: Albright & Wilson, the chemicals company being floated out of Ten-neco of the US, confirmed a flotation price of \$2.32 e share, valuing it at \$729m. Page 27 and Lex

lapanese deal with Airbus in doubt: A planned deal between Airbus Industrie and Japanese companies to develop a large passenger air-craft now seems unlikely to go ahead. Page 6

Tornado kilis five in Alabama: A tornado whipped across northern Alabama, killing at least five people and injuring more than 60, authorities said. High winds tore through the towns of Arab and Joppa, near the Tennessee River.

STOCK MARKET BIDICES \_\_ | B GOLD

STOCK MARKET BIDICES	# GOLD
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# Yeltsin speech signals tougher line in Kremlin

By Chrystia Freeland in Moscow

President Boris Yeltsin yesterday defended Russia's decision to go to war in Chechnya and denounced Nato's plans to expand into eastern Europe. His state of the nation address.

which liberal presidential aides had hoped would mark a return to political and economic reforms, instead highlighted the triumph of a tougher line in the

Looking pale but stronger than in recent public appearances, Mr Yeltsin made no apologies for Russia's 10-week war in break-

away Chechnya. However, his statements drew faint applause from parliamentary deputies, who have given him standing ovations in the

He insisted Russia had been too soft on the Chechens for too long and was right to use force to bring them back under Moscow's

"The state can and must use the force of authority to preserve its sovereignty, independence and integrity," Mr Yeltsin

He described the separatist government of Chechnya as "a criminal dictatorship", and said Moscow was justified in its use of force to rid Russia of "the Grozny tumour", referring to the Che-chen capital.

Mr Yeltsin's tough talk get deficit and rein in inflation. extended to European governments and the US, whom he urged not to go ahead with a planned extension of Nato into eastern Europe.

"This continent has already generated two global military catastrophes, and we do not want Europe and the world to return to old or new division lines," he

The hardline message to the west and his own people was delivered by a president more firmly in command of his own faculties than some observers

West's policy rejected...Page 2 Editorial Comment......Page 19

had feared. Mr Yeltsin, whose stumbling and slurring at a summit meeting last week renewed concerns about his health, yesterday walked confidently to the podium and delivered his hour-

long address clearly. While he took a strong line with domestic rebels and western counterparts, he offered only ukewarm support for economic

On one hand, Mr Yeltsin, whose government is still trying to secure a \$6.25bn standby loan from the International Monetary Fund, made the appropriate promises to bring down the budBut these pledges were par-tially undermined by his promise to subsidise agriculture and the defence sector, and his call for protectionist measures to defend Russian producers against for-

eign competition.

The president's speech was a disappointment for liberals, who had hoped he would use his address, which has been postponed several times over the past month, to distance himself from hardliners and renew his commitment to economic and political reforms.

Mr Yeltsin described the "failures, setbacks and mistakes" in the military operation in Chech-nya as "a painful blow to patriotic and civic feelings". However, he did not oust any members of the hardline clique responsible

Moreover, he took a shot at the Russian media – a source of outspoken criticism since the beginning of the Chechen war - insisting that "freedom of the press cannot be transformed into freedom from responsibility".

On the political front, the only source of solace for Russian liberals and those western governments which have been supportive of Mr Yeltsin was his promise to hold scheduled parliamentary elections at the end of this year and a presidential ballot in 1996.



President Boris Yeltsin makes his annual address to Russia's parliament, the Duma, yesterday Potato Round

# department appeals on **Microsoft**

By George Graham in

The US Justice Department appealed yesterday against a judge's rejection of its proposed settlement of antitrust charges against Microsoft, the world's largest computer software group. It said the judge had exceeded his authority.

Ms Janet Reno, the attorney general, said Judge Stanley Sporkin's refusal to approve the consent decree negotiated with Microsoft would damage the Justice Department's efforts to enforce antitrust laws. It would deter other companies from negotiating a consent decree for fear of opening themselves up to questioning on a wide range of

unrelated issues. The proposed settlement would have forced Microsoft to change the terms of software licensing agreements with personal computer makers for use of its MS-Dos and windows PC operating system programs. Judge Sporkin rejected the Microsoft decree on Tuesday,

Continued on Page 20 to the abstention of most of the

# US justice | Lira falls sharply as Dini budget faces opposition

By Robert Graham in Rome

Wavering political support in Italy for a tough mini-budget being prepared by Mr Lamberto Dini's government caused a sharp fall in the lira, which fell to an historic low against the

D-Mark yesterday. Financial analysts said the main reason for the fall to L1,074, compared with L1,063 the previous day, was market fears that Italy would hold an early general election without correcting the country's deteriorating public

finances. The one-month-old government, composed entirely of nonparliamentarlans, is seeking to find an extra L20,000bn (\$12.4bn) to cover shortfalls in the 1995 budget. Mr Dini, the prime minister, a former director-general of the Bank of Italy, has made clear that taxes will have to rise.

There will almost certainly be

increases in the rate of val-

ne-added tax on certain items. Income tax may also be affected. Mr Dini explained the need for sacrifices in seeking a parliamen-tary vote of confidence for his arguing that it would fail to administration last month. His government survived the vote in effsctively pry open to the chamber of deputies thanks

CONTENTS

TV and Radio

coalition beaded by Mr Silvio Berlusconi, the former prime

But, as details of the budget have leaked out over the past week, Mr Berlusconi's Forza Italia movement in particular has shown increasing hostility to tax increases. That has been accompanied with obstruction in parliament intended to underline Mr Berlusconi's view that elections must be held by June.

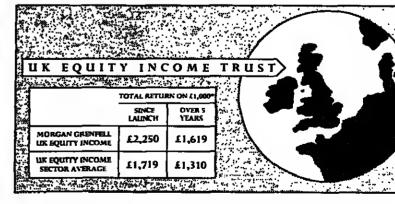
Yesterday, Mr Dini received a delegation from Forza Italia to discuss the budget. Afterwards, Forza Italia said there had to be "complete consistency" with the previous government's budgetary policies, implying that the two sides were far anart

The party of the Democratic Left (PDS) - the most powerful party on the left and a supporter of Mr Dini's appointment - has also begun to worry about its reputation in endorsing an austerity budget.

Against such uncertainty, the PDS and its allies among the centre parties last night called on the government to announce details of the budget measures as soon as possible. But that is unlikely to happen before the middle of next week.

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### **Pressure** in France to curb power at EU centre

By David Buchan in Paris

The European Union should adopt "wide-ranging" institu-tional reforms at next year's constitutional conference. The aim should be to give national governments and parliaments a greater say in making decisions of the Union, whose overall competences should not be increased any further.

This is the thrust of a report, published yesterday, by the French National Assembly's 36-strong EU affairs committee It does not bind France, whose president and government will change soon, but it constitutes the country's opening bid in the 1996 conference.

Approved with a single Socialist abstention, the reports reflects predominant sentiment within the conservatives' parliamentary majority and government whose leader, Mr Edouard Balladur, is favourite to win the presidency

The priority which the report gives to "preserving the inter-governmental character" of EU foreign and security policy. and the complicated rejigging it suggests for the Council of Ministers partly to boost that body's control over the Commission, contrast sharply with last September's call hy Germany's governing Christian Democrats for an overtly federal approach, including the evolution of the Commission into "an embryo European government"

To the relief of the UK's Conservative government, the report says it is "not desirable to extend Union competences" beyond what was negotiated at Maastricht in 1991.

At the same, it echoes the German call for some states to be allowed to outpace the rest, particularly in monetary and defence co-operation, but with a very different institutional set-up to that envisaged east of the Rhine. The French parliamentary report proposes thet "the European Council", com-posed of governments heads, should meet in three different

All leaders of all EU states would meet to discuss common policies like the single market or external trade, but a European Monetary Council would be restricted to states participating in monetary union, and a European Security Council similarly confined to those involved in closer military co-operation.

The presidents of these last two councils would act as vicepresidents of the larger European Council, thereby effectively reinforcing the position of countries like France which count on taking part in every available EU policy.

The aim of this is to boost the "inter-governmental" role of the Council, even in the area of economic and monetary union which was designed at Maastricht on the basis of standard Union procedures like majority voting.

The report also suggests demanding that the Commission, legally accountable st present only to the European parliament, should make an annual report of its activities to the Council. In addition, it should be required to come up with proposals at the Council's hidding and have its power to issue certain anti-monopoly directives curbed, particularly in the energy and transport

As for their own influence, French MPs want to increase this hy creating "an interparliamentary committee", composed of representatives from natinnal legislatures. This body would advise on, but not amend, draft EU laws.

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Brussels called on to investigate system alleged to breach competition law

# French banking practices attacked

Banks are stepping up pressure on the European Commission to examine a series of French banking practices which they claim breach competition

policy.
The Banking Association of the European Union, which represents the 2,500 commer-cial banks across Europe, has written to the competition directorate in Brussels calling for an official investigation into the system by which only certain French banks can sell some special tax-

exempt savings products.
Its action follows similar lobbying from the Association of French Banks, representing the commercial banks in France, which have in turn been engaging in an increasingly public dispute over the last few months with savings and mutual banks which are the only institutions allowed to sell these products.

The argument centres around regulation of the so-called "Livret A" and the less common "Livret bleu" accounts, which are tax-free savings products. The deposits

French government construction of low-income housing. individuals can deposit up to FFr100,000 (\$19,000) withdrawable on demand into "Livret A" accounts, which currently pay 45 per cent interest tax-free.

Under existing French legislation, they can only be offered by savings or postal banks. Separately, only French co-operative banks can offer 'livret hlen" accounts, which are similar in form but in which the institution pays the tax charge on nne-third of the value of the sum deposited.

The potential profits at stake are substantial, with current deposits in Livret A accounts estimated at FFr640bn, and those in Livret bleu accounts standing at FFr83bn

A letter obtained by the FT from the European banking association shows that it believes current practices prevent other banks from offering these services, and give an unfair advantage to the sevings banks hy allowing them to gain customers and cross-sell other services. It says the regulations "constitute an obstacle to the

smooth functioning of the sin-gle market" and asks for their their elimination as "distortions which are contrary to the principals underlying the internal market".

Rarlier this week the French savings banks argued that broadening the number of institutions able to offer "Livret A" risked jeopardising the funding of low-income housing. Mr Rene Barberye, head of the Caisse d'Epargne, said the banks made just 1.2 per cent commission on the collection of the deposits, which only just

# State sell-off still on Italy's agenda

step in Italy'a ambitious priva-tisation programme have long since passed away. However, while the government has changed since September, when Mr Silvio Berlusconi, then prime minister, promised to accelerate the pace of state sell-offs, Italy is still in theory committed to the timetable he

That means that hy the middle of this year, the government should have launched the sale of shares in Enel, the electricity company, and a further part of Stet, the quoted telecommunications holding company. Also jostling for posi-tion in the line of privatisation candidates is Eni, the state energy and chem-Icals group, not to mention a number of banks and financial institutions, shares in which are still owned by the state or by public foundations.

The question is whether the new Italian government of technocrats, which replaced the collapsed Berlusconi coalition last month, can give new life to the programme. One indication could come as early as today, when the cabinet, beaded by Mr Lamberto Dini, the prime minister, is expected to finalise plans for a regulatory authority to supervise the electricity sector, a prerequisite for the privatisation of Engl. The change of government has not

o ptimists who held their breath last year waiting for the next step in Italy's smbitters with to the privatisation timetable of ex-prime minister Berlusconi, writes Andrew Hill

> had the effect of derailing the sell-offs. Mr Dini has made clear since his opening speech to parliament last month that privatisation is a priority, and he himself provides the most important guarantee of continuity between the Berlusconi government and the new administration. He has kept the treasury portfolio he held under Mr Berlusconi, and with it his seat on the threeman committee of treasury, industry and hudget ministers which decides the nuts and bolts of privatisation policy.

He has also chosen ministers with practical experience of the difficult frontier between state and private sector, Mr Rainer Masera, the budget min-ister, was plucked from his job as managing director of IML the banking and financial services group privatised last year, while Professor Alberto Clò, at the industry ministry, is one of the acknowledged Italian experts on the energy industry. One of the principal problems of the

Berlusconi administration was that some members of the coalition seemed to be slowing down or distorting the privatisation process for political ends.

A technocratic administration runs less risk of being hampered by political in-fighting, although the process could be thrown off course if, for example, the Dini government loses the support of the political parties for the austerity hudget that is the main plank of its limited programme

So far, however, the signals on which shares the government should sell first are confusing. The appointment last month of Euromobiliare, the Italian financial group, to work alongside Morgan Stanley on the privatisation of Stet seemed to be an indication that the telecoms group might be first on the

Prof Clò, meanwhile, has been pushing for the rapid sale of Enel. He is also looking to revise the original privatisation plan, a delicate political compromise that envisaged splitting the electricity generation activities from transmission and distribution, and selling some of the group's production capacity within three years of flotation. The new industry minister believes Enel should be privatised

whole, a solution favoured by Knel management and unions but attacked by some as anti-competitive.

Mr Dini, on the other hand, appears to favour the rapid privatisation of Em, which controls the Enichem chemicals group, Snam, the gas producer, and Agin, the petrol company, Eni itself has rarely missed an opportunity in the last six months to show off its improving profitability and financial position.

Writing yesterday in Il Sole 24 Ore, the business daily, Professor Francesco

Giavazzi, a senior treasury adviser on privatisation until last year, pointed out that, unlike the telecoms and energy utilities. Eni did not require a complex regulatory structure. Therefore, its sale could not be delayed by parliamentary equabbles

He also suggested that the best way to reassure financial markets of the government's firmness was to make an "irreversible commitment" to the sale for example, by declaring to the US Securities and Exchange Commission that Eni shares would be placed in New

As Prof Giavazzi puts it in his article: "In the current climate of puzzlement and growing scepticism, a prime mintsterial decision to reverse the privatisation calendar and begin immediately with Eni, is the right move to regain

Cold war victors accused of lacking vision for former east bloc

# Shevardnadze rejects west's policy

By Edward Mortimer . In London

Mr Eduard Shevardnadze, the Georgian head of state and former Soviet foreign minister, yesterday delivered a bitter indictment of western policy towards the former east bloc states, accusing the west of squandering the fruits of victury in the cold war.

Speaking at Chatham House headquarters of London's Royal Institute of International Affairs, Mr Shevardnadze said a lack of political vision had left that victory "clearly Pyrrhic and obviously illusory". "Having saved enormous sums of money upon ending the cold war, the civilised world did not invest those savings in support of democracy and freedom in Russia

states...The philosophy of a triumphant shopkeeper, wildly exultant after having won a victory against his competitor, has prevailed," he said, with

heavy irony. Mr Shevardnadze added: "As a result, we do not have a global triumph of the values of western democracy, but rather the revelry of petty nationalis-tic dictatorships that exploit various complexes of small ethnic groups.

As foreign minister of the Soviet Union from 1986 to 1990, Mr Shevardnadze played a leading role in bringing the cold war to an end. He now finds himself trying to pick up the pieces in his native Geor-

The speech began by his recalling thet on a previous visit to London, anti-Soviet and the new independent demonstrators, unwilling to

accept his sincerity, had denied thin the pleasure of an evening at the theatre.

"Even though perfect foresight is not particularly characteristic of public opinion," he said, "one should still have been able to detect in the policy of perestroika seeds of the thcoming epochal changes. On that particular day I fully deserved my ticket to the London theatre. So public opinion does owe me a debt."

Mr Sbevardnadze claimed that western political strategists failed even more profoundly to understand the consequences that would flow from the dissolution of the bipolar world. The end of the cold war, an event "equal in scope and significance to the end of World War II", had not been met with a comparable strategic response. "All of this

sounds abstract," said Mr Shevardnadze, "until you have seen it with your own eyes".

He said he had himself seen "a year-old baby who had been skinned alive" among other horrors and nightmares of an enraged aggressive separatism no less ghastly than the brutalities of Hitler".

"Before your very eyes," he went on, "both big and small-time latter-century Führers shamelessly and blatantly exploit the idea of national independence in their own interest, committing ethnic cleansing and forced deportations ... How then can liberals and democrats yet bow to it?"

The liberals and democrats gathered in Chatham House applauded warmly. They did not answer Mr Shevardnadze's rhetorical question.

# Belgium must reduce debt to join Emu

By Lionel Barber in Brussels

Sbevardnadze: warning over

'latter-century Führers'

Belgium must adopt fresh austerity measures to reduce its national debt in order to join the planned single European currency, according to the Belgian National Bank's annual report published today. In a hlunt warning to the coalition government which faces a general election this year, the Bank says that reducing the debt, the highest in the EU in terms of gross domestic product, is the most important task of the next few years.

However, it suggests that "clear" progress toward strengthening public finances could allow Belgium to qualify for Emu by 1997, particularly in the light of the country's low inflation and a healthy current account surplus. Belgium views itself as a

member the "hard core" including France, Germany, the Netherlands, Austria and Luxembourg which is likely to form a monetary union before the end of the century. But its strong currency and net creditor position to foreign

its debt, amounting to more than BFr9,000bn (\$292bn) in 1994. The debt ratio to GDP is more than double the 60 per cent Maastricht target for countries wishing to Join Emu.

The report makes clear that
the authorities are counting on hitting the Maastricht's annual budget deficit target of 3 per cent of GDP to deflect criticism nf its long-term deht. Strict budget policies and higher-

than-expected nominal eco-

nomic growth in 1994 enabled

Belgium to reduce its debt per cent of GDP in 1996.

countries are overshadowed by GDP, down from nearly 138 per cent in 1993, according to the report. The Bank says Belgium sims to cut the budget deficit to 4.3 per cent of GDP this year from 5.4 per cent of GDP in 1994, an improvement on the original goal of 5.7 per cent. However, the central bank repeats a warning by the Organisation of Economic

Co-operation Development and

the European Commission that without further austerity, the

budget deficit is likely to be 4

The National Bank forecasts growth in 1995 of between 2.7 per cent and 3 per cent in 1995 after a 2.3 per cent expansion in 1994. It also suggests that Belgium's competitive position

is improving.

Mr Herman van Rompuy, Belglum's budget minister, took issue with the Bank's assessment of the 1994 budget deficit, saying it failed to take into account the proceeds from sales of a 20 per cent stake in Belgacom, the state telephone company. This cut the actual

# Nato prepares its plan of advance

Bernard Gray on how the alliance is to expand without threatening reform in Russia

In southern Bohemia this week the crackle of small arms fire and the crump of rocket-propelled grenades echoed through the wooded hills. Some of the bursts of firing came from Czech armed forces, the rest from British Royal Marines. Anyone who had been asleep for the past decade would assume that they were firing at each other in a confrontation along the Iron Curtain. In fact, they were training together on a jnint exercise designed to help the two forces work together

It is just the latest example of co-operation between Nato countries and ex-Warsaw Pact forces in the Partnership for Peace, a programme designed fill the power vacuum in central and eastern Europe created by the collapse of the Warsaw Pact. Now Nato looks prepared to go further, and negotiations over full membership of the alliance may start

next year. If they succeed, countries in central Europe could be covered by Nato's nuclear deterrent guarantees before the end of the decade.

"Nato will enlarge, it is only a matter of timing," said Mr Malcolm Rifkind, the British defence secretary. on a visit to central Europe this week. But negotiations over the eastwards expansion of Nato will be delicate. Expansing has wide implications for the alliance, and while Nato is keen to anchor central European countries in the west, it also worries about undermining Russia's reform process if it is seen to be expanding aggressively.

The implications for the operation of Nato are being studied, and a report should be finished by the summer. It will tackle some ticklish issues, including whether nuclear weapons should be based in new member countries; how

should be built to increase Nato's ability to defend central Europe; whether forces should be moved further east; and whether, for example, German soldiers could be based on Polish soil given the bitter legacy of the second world war.

That report will probably be debated at the Nsto defence ministers' summit in Williamsburg in the autumn. The US as a strong advocate of enlarge-ment, will try hard to persuade those who have been more cautious, including the German foreign ministry and the British, that the time has come to move. The early signs are that they will succeed.

To soothe Russian fears, there is likely to be a parallel series of talks over how the relationship between Nato and Russia can be improved. Nato membership for Russia has been ruled out, but a formal treaty to cement a positive Republic is seen as having much new infrastructure relationship is being consid- made the most progress in

ered. "A treaty could be useful," said one senior US Nato general recently. But it does depend on what type of treaty. It could simply be a meaning-less piece of paper which sits in a drawer or it could really help lower tension. We will have to consider carefully whether we can design something which would work."

Between the group of poten-tial Nato members - Poland, the Czech Republic, Slovakia and Hungary - and Russia, there is another band of countries which are currently out in the cold. The Baltic states and Ukraine He uneasily in noman's land and Mr Rifkind, forone, believes that a third track of negotiations is needed to give them more security short of Nato membership.

Not all those vying for Nato membership are likely to join at the same time. The Czech

doctrine, while US public opin-ion may well require Poland to be among the first entrants. Both, however, will need to overhaul their command and communications systems and entrench their armed forces under genuine civilian control. Nato can work with countries which use Russian tanks and aircraft, but it needs to be able to communicate with them effectively and it can hardly afford to recruit a new member which undergoes a military coup in fairly short order. Such reforms will be difficult, and the progress of change in Russia will be watched carefully by nervous Nato ministers. Yet if the current emerging consensus holds, Nato may get its first new members some time between 1998 and the turn of the century, and British troops may end up stationed in southern Bohemia for good.

#### EUROPEAN NEWS DIGEST

# Ferries face stricter safety

Ferry companies operating roll-on roll-off passenger services in the European Union will be forced to adopt a strict safety code, if a ministers approve a new plan agreed yesterday by the European Commission. "Tragedies such as that of the Estonia and the Herald of Free Enterprise cannot be allowed to happen again" said the Neil Kinnsch to happen again," said Mr Neil Kinnock, transport commis-sioner. The Estonia sinking, the worst ferry disaster in Europe this century, came seven and a half years after the Herald of Free Enterprise capsized as it sailed out of the Belgian port of

The Commission proposal would mean the 15 EU countries would sign up to the International Safety Management Code, drawn up by the International Maritime Organisation, two years earlier than other countries. A Commission spokeswoman said the plan did not propose technical changes to ships such as fitting extra bulkheads, but intended to make sure crews were equipped to prevent and deal with accidents.

#### Move to avert German strikes

German engineering employers will meet today to decide their response to the decision by the IG Metall union to call a strike ballot in support of its claim for a 6 per cent pay increase. Since approval for industrial action is considered certain, the employers are expected to discuss ways of tempting the union back to the negotiating table without softening their line that

pay rises must be offset by cost reductions elsewhere.

If it fails, the industry may face its first official strikes in 10 years at a time when order books are full and when many factories are running at optimal capacity. According to IG Metall's latest ultimatum, the employers have until Sunday night to come up with a proposal acceptable as a starting point to the union. Christopher Parkes, Frankfurt

Anti-missile project planned

Germany, France and Italy are to co-operate with the US to produce medium-range anti-ballistic missile defences. The project is to design an anti-missile missile capable of defending hardened points such as military installations. A letter of intent may be signed next week to start the project, which will form part of the wider missile defence programme in the US.

In Europe, it is the first step on co-operation to develop the

expensive and complex technologies required to destroy incoming missiles similar to the Scuds used by Iraq in the Gulf War. France has been worried about the proliferation of missile technologies through North Africa for some time, but a recent report said that even a limited defence to protect selected point targets in France could cost \$37bn. The new co-operative industrial development programme will be split equally between Europe and the US, with an initial feasibility and costing study starting after the letter of intent has been signed. In a separate study, the UK government has commissioned a feasibility study on ballistic missile defences from British Aerospace. Bernard Gray, Defence Correspondent

Telekom to open Internet door

Deutsche Telekom said yesterday It would make important changes to its online computer service which would give millions of Germans access to the Internet, the network of computers used by around 30m people worldwide. The German state-owned carrier has developed new software, based on Microsoft's MS Windows, called Telekom Online and will

replace the existing but much slower Datex. J package.

Mr Horst Gellert, a Deutsche Telekom board member, said
the new service would be made available to the 700,000 Datex. J subscribers, hoisting them on to the Internet and offering them a host of computer services from tele banking to newspapers on computer screens. Mr Gellert said he hoped that in three years time around am people would be using online services in Germany. Michael Lindemann, Bonn

#### Ukraine-IMF deal imminent

Ukraine expects to conclude a \$1.3bn stand-by agreement with the International Monetary Fund within a week, government and western officials said. Ukraine, whose real GDP shrank 40 per cent last year, needs the stand-by agreement to release

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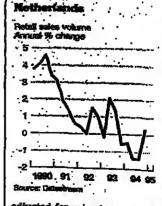
Mr Roman Shoek, economics minister, said Ukraine had put together a budget that met the deficit target of 5 per cent of GDP. Since the country lacks credibility to cover the shortfall by treasury bills, the IMF has agreed the deficit will be covered by monetary emissions of 4 per cent of GDP this year. Under the IMF timetable, inflation will fall from over 40 per cent this month to 5 per cent by late spring and to 1 per cent by year's end, according to Mr Shpek. Motthew Kaminski, Kiev Mexican precedent for Ukraine, Page 19

MEPs move on Slovak N-plant The European Parliament yesterday passed a resolution calling on west European lenders to freeze funding for Slovakia's Mochovce nuclear power station until safety questions are answered. Funding to complete the partly built plant, from

bodies such as the European Bank for Reconstruction and Development (EBRD), should be blocked "until the safety issues have been satisfactorily resolved", MEPs said. They questioned whether the funds earmarked for the plant, near the Austrian border, would be sufficient to meet western safety standards. They said the EBRD should release full details of economic, environmental and safety studies relating to the project. Austrian Chancellor Franz Vranitzky said yesterday that his country would step up its diplomatic efforts against the plant which Vienna believes will never reach western safety standards and is not the cheapest solution for Slovakia's energy problems. Eric Frey, Vienna, and Reuter

#### ECONOMIC WATCH

Netherlands retail sales weak



a real 0.3 per cent last year but were np 0.7 per cent in nominal terms from a year ago, continuing a four-year trend of weak or negative growth, the government said yesterday. However, the final quarter saw the trend improving slightly with nominal sales rising 1.1 per cent and price-adjusted sales up a narrow 0.3 per cent year-on-year. Central Bureau for Statistics data also showed nominal sales in December rising 2 per cent from a year earlier. That gain was due in part to 0.5 per cent higher prices, but

Dutch retail sales edged lower

adjusted for price increases, retail sales were up a real 1.4 per cent from a year earlier. AP.DJ, Amsterdam West German gross domestic product rose nearly 1 per cent in the fourth quarter of 1994 over the previous quarter, the Bundesbank said it put the rise for the whole year at 2.5 per cent, slightly more than the 2.3 per cent estimated by the

federal statistics office. ■ Producer prices of French semi-finished goods rose by seasonally adjusted 2.7 per cent in the fourth quarter from the previous three months. The rise, the strongest quarterly increase since 1965, was mainly caused by increases in world

commodity prices. ■ Denmark's state budget deficit for 1994 was DKr48.1bm (\$7bn), or 4.5 per cent of gross domestic product, DKr12.8bn lower than originally forecast, the finance ministry said. The 1993 deficit was DKr48.4bn; this year's is estimated at

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#### **NEWS:** EUROPE

# ricter Safet deal on coal and N-policy

Mr Helmut Kohl, the German chancellor, has offered the opposition Social Democrats a deal to solve the impasse over the country's energy policy which seems set to place the SPD in a dilemma.

Mr Kohl will agree to subsidise the country's uncompetitive coal industry ımtil the end of the century provided the opposition Social Democrats accept an energy policy embracing a commitment to nuclear power, government and SPD officials confirmed

yesterday.

Mr Kohl "is very anxious to get agreement on a long-term energy strategy", a spokesman for his office aaid. But a spokeswoman for the SPD said: "This is not on, we won't

The politicelly actute trade-off by Mr Kohl is likely to highlight divisions within the SPD about its attitude towards nuclear energy, In 1986, the party committed itself to phasing out nuclear power stations within 10 years if it

was returned to power. It also places the SPD in a politically sensitive corner. It cannot afford to completely reject the proposal: it faces reelection next May in the state of North-Rhine/Westphalia, one of the main mining

The trade-off follows the collapse of talks in Mr Kohl's nuclear energy.

this week on a replacement for tha Kohlepjennig, or coal penny, which must end this year after the country's high-est court last December deemed the levy unconstitutional

The Kohlepfennig is an 8.5 per cent levy imposed on industrial and domestic electricity consumers to subsidise German coal production. The annual DM7.5hm (\$4.9hm) raised by this surcharge is supposed to protect German coal producers. A toppe of imported coal costs DM80, compared with a tonne of German coal which

Mr Kohl's own Christian Democratic Union (CDU) is very much divided on whether to introduce an energy tax or to raise the new financing for coal from the budget. The Christian Social Union, the CDU's Bavarian sister party, and the Free Democrats, the junior coalition partner, are

opposed to any energy tax.
Despite the failure of the government talks on the future of coal, the government has agreed to restart naw cross-party discussions next month to achieve consensus on energy policy. The aim of these crucial talks is to adopt a long-term energy strategy, based on an "energy mix" for the country's coal, nuclear and gas industry. The CDU, and particularly Mr Kohl, supports

# Portugal's ruling party seeks a winner

The Social Democrat leadership race may deepen splits and hasten an election, writes Peter Wise

Portugal's ruling Social Democrats (PSD) begin a potentially divisive congress today to elect a successor to Mr Anibal Cavaco Silva, whose decision to withdraw after a decade as party leader and prime minister has undermined their prospects of

remaining in power.

President Mário Soares, a Socialist, may resolve to bring forward a general election due in October if a damaging split in the centre-right party ensues from what is expected to be a closely-fought battle for the leadership between Mr Fernando Nogueira, the defence minister, and Mr José Manuel Durão Barroso, the foreign minister.

The new leader, to be chosen by a secret ballot of 1,500 delegates on Sunday, will take over a party suffering a steady decline in popularity. This is a result of both recession and a worsening reputation - after 15 years in government - for manipulating the public administration and bestowing

A recent poll suggests that either Mr Nogueira, 44, or Mr Durão Barreso, 38, could lead the PSD to victory over the Socialists, who lack credibility after 10 years in opposition, despite a lead in several opin-



down to make way for a

younger generation. But his

underlying strategy appears to be to distance himself from his

increasingly discredited party

contender can aspire to the euthority or popular appeal of Mr Cavaco Silva, whose leader-

ship won the party two overwhelming majorities in 1987 Mr Cavaco Silva, 55, who will

More

party leader until the geoeral election, is ostensibly stepping

This would enable him to enter the race to succeed Mr Soares es president in 1996 with his stature relatively intact. He refuses to be drawn on a possible presidential can-

didacy. But both Mr Nogueira and Mr Durão Barroso say they will urge him to stand.

The prime minister is abandoning the ship before a storm. But he clearly plans to re-embark as a presidential candi-date when the weather clears." said a Socialist deputy. Mr Cavaco Silva prefers to portray himself as a tired statesman bowing out with dignity to resume an academic career and devote more time to his

He bequeaths his successor the formidable tasks of maintaining the fragile unity of the PSD and convincing voters to giva the party a workable majority in parllament. The PSD, whose support ranges from the social-democratic left to the conservative right, has in the past proved notoriously prone to ioternal disputes when lacking the steadying hand of a strong leader.

Mr Nogueira most strongly represents continuity of Mr Cavaco Silva's policies and is banking on support from the party bureaucracy and provincial members wary of radical change, Mr Durão Barroso, whose opponents will not let him forget his youth as a zealous Maoist, is more popular among urban delegates prepared to risk more audacious

modernisation policies.
Potential divisions within the PSD and a threatened loss of authority for Mr Cavaco Silthe inevitable elevation of one his most important ministers to the party leadership after inflicting defeat on another will chiefly determine whether Mr Soares calls a snap election. He is also listening to some nomic confidence would be bet.

ter served by an early vote. Whenever the election is held, it will probably produce a minority government. Both main parties are appealing for a single-party majority to ensure effective covernment and both vow not to oegotiate coalitious. Busloess fears a weak government would make long-term planning and structural reforms difficult.

But polls indicate that the majority governments of the past decade, always difficult to achieve under Portugal's proportional voting system, are unlikely to return over the medium term. That would please Mr Soares, if few others. The negotiation and compromise required of a minority government promotes healthier democracy," he said. It is a preference party leaders may reluctantly have to acquire.

# Bonn wins battle over nuclear waste

By Haig Simonian, Environment Corre

ben an immovable object meets an unstoppabla force. the result is often explosive. Yesterday, however, the conflagration between Mrs Angela Merkel, Germany's redonbtable environment minister, and Ms Monika Griefahu, her fiery opposite number in the state of Lower Saxony, was finally quenched when the state authorities donsed the

The flash point was a 116-toune steel container sitting in a railway siding at the Philippshurg nuclear power station in southern Germany.

Following a change in nuclear legislation last year, the contents - spent uranium fuel rods - no longer have to be sent for reprocessing abroad, but can be stored per-manently in Germany instead.

Storage has gained appeal because low uranium prices have upset the economics of reprocessing - despite con-cerns over proliferation and the environment.

Germany's electricity generators lobbied to be given the

right to store their waste. Within a short time of the legal change being passed, two utilities cancelled reprocessing contracts with British Nuclear Fuels to take advantage of the new rules. But while the legislation may have been altered, matters on the ground have not. The Philippsburg container should have been the first of many to travel from a nnclear power plant to the long-term storage facility at Gorleben in Lower Saxony.

Although a court temporar-ily blocked a planned transfer last November, it ruled in January that it could go ahead. The container, bowever, bas remained immobile.

Gorleben houses two separate units. The first, a medium-term storage facility, is owned and operated by the electricity utilities. This is running, but remains empty pending the first waste ship-

A stone's throw away is a windswept building site run by the federal government where two 11 metre-wide shafts are being blasted into the salt deposits below. The complex, eight years behind schedule, will be Germany's first permanent storage site for high-level nuclear waste.

Eventually, it will house all residues not sent abroad for reprocessing, along with German waste from foreign reprocessing plants which the utilities are contractually bound to take back once Gorleben is

However, the Lower Saxony government bas done its utmost to prevent the waste

ever arriving. The Social Democratic state government, like the SPD nationally, wants to close Germany's atomic facilities. The Christian Democratic federal government, by con-trast, supports Gorleben and the broader nuclear programme. Hence the Philippsburg container has become a proxy for a wider dispute. In recent months, the Lower

Saxony government, led by Ms Griefahn, a former member of Greenpeace's intarnational board, exploited a textbook-full of legal loopholes to delay the shipment. Tactics varied from blocking transport authorisation to questioning the integrity of the speciallybuilt container.

The lagal moves were reinforced by big demonstra-tions. After being overrun in 1993, the storage site is now sealed off like a military

Although Lower Saxony has relatively few nuclear power plants, its abundant underground salt formationa which are impervious to water and therefore ideal for long-term storage - has made it Germany's leading nuclear

S torage or test facilities exist at two other locations. And at Morsleben, just across the river Elbe in the former East Germany, the federal government is using the ex-communiat regime's long-term nuclear storage site as an interim waste dump. Mr Gerhard Schröder, Lower

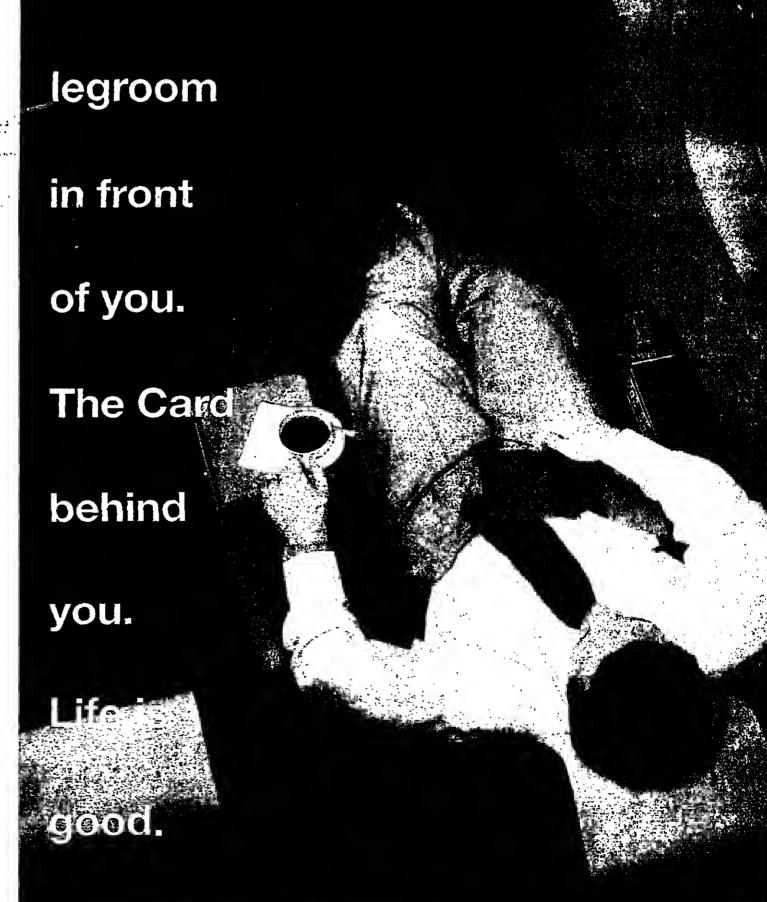
Saxony's premier, feared it was becoming Germany's "nuclear toilet", and argued that other states, such as pronuclear Bavaria, should share

However, that is unpopular, even in Bavaria. Last week, Mrs Merkel floated the idea of creating a second storage facility in the south, but received a frosty reception from the relatively pro-unclear state goveruments in both Baden-Württemberg

The dispute over the container has turned us into an international laughing stock" says a frustrated Mrs Merkel. On Tuesday, she stepped up the pressure by threatening legal action against Ms Griefahn if Lower Saxony did not lift its obstacles to the ship-ment. Constitutional experts say the dispute touches on the wider issue of responsibilities between federal and state administrations.

Yesterday, the state bowed to the pressure and said it would nn longer oppose the

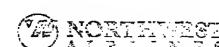
According to an official from the Lower Sexony environ-ment ministry, the state realised its legal tactics had been







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# Taliban threat to UN peace bid

fundamentalist movement and government forces outside the capital Kabul is causing increased concern that a UN plan to transfer power this weekend from President Burhanuddin Rabbani to an interim authority may be under threat.

According to reports from Kabul, talks were continuing over the Taliban's demand that government forces withdraw from positions on the outskirts of the city. Mr Mahmood Mestiri, UN head of mission in Afghanistan who put together the plan, was optimistic that peace would hold. "We will try to stop the bloodshed. We will try to maintain a ceasefire." be said. "They [the Taliban and government factions] are in fact negotiating." he said. Mr Mestiri said the transfer of power may be delayed because some members of the interim council may not be able

to reach the Afghan capital in time. Meanwhile, Pakistan bas praised the Taliban group but denied reports that it was belping the group in any way. Mr Najmuddin Sheikh, Pakistan's foreign secretary said: "They are recognised as an indigenous nationalist movement" and their success in capturing different areas in the past few months had come because of the Afghan people's frustration with prolonged fighting in the country, rather than outside help. Farhan Bokhari, Islamabad

#### Japan's money supply rises

Fears that Japan's gentle economic recovery might be harmed by a sbortage of credit were diminished yesterday, by the sbarpest monthly rise in money supply for three and a half years. Japan's main measure of money supply. M2 plus certificates of deposit, was 3.1 per cent higher last month from the previous January, the Bank of Japan announced. That represents an slight acceleration from the 29 per cent revised growth achieved in December.

Money supply expansion is expected to hold steady, at about 3 per cent in the three months to March, said a central bank official. A broader measure of liquidity, also including post office savings, bank debentures and deposits at agricultural cooperatives, rose by an annualised 3.6 per cent in January. William Dawkins, Tokyo

#### Philippines' trade gap widens

The Philippines trade deficit widened in 1994 to \$7.8bn, an increase of 25.4 per cent over the 1993 trade gap, the National Statistics Office in Manila said yesterday. The bulk of the country's imports, which grew by 20.7 per cent to \$21.23bn last year, were made up of capital goods rather than consumer products, reflecting the country's growing industrial base. Exports in 1994 grew by 18.1 per cent to \$13.43bn, rising sharply in December by 30.1 per cent against the same month in 1993. The Philippines again posted a current account deficit with Japan. which was \$286m in 1994, while maintaining the country's healthy trade surplus with the US last year

#### Jakarta's \$2.2bn transport plan

Jakarta is to construct a \$1.4bn underground transport system and an \$800m above-ground light railway system in an effort to relieve pressures on the city's increasingly congested traffic and public transport. Tenders for the underground system will be put out soon so that construction can start next year. The construction of the light railway system will be managed by Citra Lamtoro Gung Persada, controlled by President Suharto's eldest daughter. The projects will link southern and central suburbs with the centre. Manuela Saragosa. Jakarta

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# N Korean nuclear pact in fresh trouble

By John Burton in Seoul and Peter Montagnon in London

North Korea yesterday cast further doubt on its nuclear agreement with the US by rejecting a demand from Washington that it resume political dialogue with South Korea.

Pyongyang threatened on Wednesday to scrap the accord if it was forced to accept South Korean nuclear reactors. North Korea's official news

agency said recent statements US officials linking the question of inter-Korean dialogue to the nuclear agreement has raised "doubts if the US is really willing to translate the North Korean-US agreement into action".

North Korea promised during the negotiations on the

suspended talks with South Korea at an unspecified time

as part of the deal. However, North Korea is demanding that South Korea first apologise for its refusal to send condolences on the death of President Kim Il-sung last

It also wants Seoul to repeal the national security law, which bans informal contacts with North Korea.

In Washington, US officials say they believe this week's outspoken comments from Pyongyang are designed to improve North Korea's negotia-ting position ahead of the resumption of talks on the agreement in mid-March.

North Korea has never said

nuclear agreement last October it will no longer negotiate, but that it would resume the scope of the package remains undecided and Pyong yang may want to include infrastructure connecting the nuclear generators to its grid, one official said.

Nevertheless some analysts believe it has raised fundamen-

"It's going to be awfully hard to back away from the demand for an apology," said Mr Bill Taylor of the Centre for Strategic International Studies. The accord was "a beautiful con-cept which has run into a large variety of ugly facts," he

The commentary by the official Korean Central News Agency said: "Our consistent position is that dialogue can be

is established." It added that the issue of

inter-Korean dialogue should not be discussed until "big progress" is achieved on the implementation of the nuclear agreement, which is still in its

"We shall not implement the North Korea-US agreement at the risk of accepting unreason-able prerequisites that run counter to the national interest. If the US insists on going its own way, we too shall go our own way based on our con-

Analysts believe that the North Korean statement is part of its long-term strategy of driving a wedge between the US and South Korea in tha South Korean deputy prime minister for national unification, said yesterday it was unreasonable for North Korea to refuse to accept new nuclear

reactors from Seoul. "The South Korean model of light-water reactor is obviously the most suitable one for any nuclear power plant to be built on the Korean peninsula, since It was designed to fit the condi-

tions and circumstances pre-vailing in Korea," Mr Kim told a parliamentary committee.

Mr Kim did not specify the unique national features of the Korean reactors, which are based on licensed technology from Combustion Engineering

He said salection of the

reasons, but also because it would be in the common interest of both North and South Korea since it would lead to an

united energy grid. The proposed reactors are the future standard model for South Korea, which now relies on four different types of reac-tor model from the US. France and Canada. The first two standard reactors are now under construction at the country's

Ulchin nuclear complex. North Korea has raised safety questions about the new reactors, hut Mr Kim said: "Pyongyang's refusal to accept a South Korean model is not at all persuasive, and can only implementing the US-North



Kim Jong-il pictured last year. "Unbounded modesty" kept him from yesterday's celebrations

# Birthday celebrations may signal reclusive Kim's coming to power

By John Burton in Secul

North Korea yesterday began a two-day celebration of Mr Kim Jong-il's 53rd birthday in what is believed to be a prelude to his formal accession to power

in the spring.

Mr Kim lived up to his repu tation for reclusiveness by fail-ing to make a public appear-ance, which was officially described as reflecting his

Anwever, this has nut stopped Pyongyang from pro-claiming the birthday celebrations as "the greatest holiday of the nation", a title thet was formally reserved for the April

15 birthday of his father, the late President Kim Il-sung. Mr Kim's avoidance of the limelight since the death of his father last July has fed speculation that he was in illhealth, which was delaying his formal takeover of the two key posts of national president and secretary-general of the ruling

Korean Workers' party.
In the past six weeks, however, Mr Kim has made four in better health than last summer when he looked emaciated

Although these recent appearances have laid to rest speculation about poor health, they raised new questions about whether Mr Kim is engaged in a political struggle with hardline army generals since all the appearances were linked to military events.

Statements this week by Pyongyang threatening to scrap the nuclear agreement with US have increased concern that the army leadership is gaining influence. The military expressed opposition to

the deal last autumn. Government officials in Seoul, however, believe that North Korea is engaged in routine diplomatic brinkmanship to gain new concessions, with Mr Kim appearing to be firmly in control as reflected in the smooth implementation of the nnclear accord so far.

Mr Kim Deok, the South Korean deputy prime minister for national unification, recently said that the reason for the delay in Mr Kim's official takeover is that be wants to use the extended period of "mourning" for his father to increase public acceptance of A rapid assumption of power would harm his image as a loyal son to the late president, which is his main source of legitimacy among North Koreans, who are still deeply influenced by Confucian traditions. Other analysts believe that Mr Kim is also exploiting the delay to consulidate his control over the government

and the military. One Indication that Mr Kim may take power in late April is the staging at that time of an "international sports and culture festival" in Pyongyang, to which 10,000 foreign guests have been invited.

The event may also coincide with his father's embalmed hody being brought to its final resting place in Pyongyang, which would end the mnurning period.

However, Sonth Knrean hopes that Mr Kim's formal assumption of power will lead to a resumption of inter-Kor-ean political dialogue may prove futile.

Pyongyang appears intent on ignoring Seoul for its refusal to offer condolences on the death of Mr Kim Il-song, which North Korea regarded

# World Bank set to pump \$700m into Indian banks

By Alexander Nicoll

The World Bank is poised to make its biggest loan to India, \$700m, to help reform the coun-

The financing, which bas taken three years to negotiate, is to go before the Bank's hoard for approval in the next few weeks. It contains an innovative backstop facility intended to encourage foreign currency lending to Indian

The package was conceived as balance of payments sup-port during India's financial crisis of 1991, hnt became more closely targeted as the rise in currency reserves rendered such support unnecessary, and as banking deregulation got

"The loan recognises that reform bas taken place and supports the further restructuring and upgrading of banks as well as the deepening of the financial sector." said an official closely involved in the

negotiations. Nationalised banks have begun to show signs of recovery after writing off or providing for many doubtful loans made in pre-reform days, while building up capital to comply with international norms. Progressive deregulation of inter-est rates is bringing a degree of

competition between them. But the return to health is far from industry-wide, and the liberalisation of banking mar-kets still has a long way to go. The cautious pace of reform, particularly of privatisation and of the development of adequate mechanisms for hank supervision is thought to have slowed the loan negotiations. The loan is designed to push reform forward in several

ways.
Half of it will be channelled directly into the capital base of six state owned banks as "Tier 2" capital. The banks - Allaha-bad Bank, Bank of India, Dena Bank, Indian Bank, Indian Overseas Bank and Syndicate Bank - have been selected on the grounds that, following the capital injection, they will be strong enough in time to raise private equity and meet the 8 per cent international capital-

to-assets requirement.
This implies a significant in New Deihl push towards privatisation. So far. only two state banks, State Bank of India and Oriental Bank of Commerce, have sold try's financial system. minority stakes on the stock

market. Bank of Baroda, Can-ara Bank and Punjab National Bank plan to do so in time. The World Bank loan will place its six recipients firmly in the queue. "It is not intended for them to take the money and then do nothing."

This is particularly the case as the six banks will also receive \$150m under the World Bank package to support modernisation, including computerisation, staff training, and improvement of management systems. Indian banks are mostly inefficient and grossly over-manned, and lag far behind the rest of the world in

However, partly because it fears the political consequences of mass redundancies. the government remains ed to full privatisation, so no nationalised bank will raise more than 49 per cent in pri-

The third part of the World Bank package is intended to deepen the foreign exchange market in India, and implies partial relaxation - not yet announced - of restrictions on

the use of foreign currency.

The \$900m backstop facility supports Indian banks which will solicit foreign currency deposits and then lend the funds on as term loans in foreign currencies to Indian companies. These will principally be exporters since they will be receiving foreign currency with which they can service their loans.

demanded greater ability to borrow in foreign currencies and hence more cheaply than in rupees - to finance expansion which would boost export canacity. The need for the facility

arises because the maturity of deposits banks will take in for example, the parked proceeds of equity issues abroad or of export sales - may not match the periods of the term

# Rising profits bolster unions

Gerard Baker predicts a bruising annual wage round in Japan

Japan at work: fewer hours

Average amost working hours per person including weather he annual danse maca-bre that is Japan's spring wage round 2,300 began somewhat lamely this week. Normally in February. streets to issue demands for snhstantial wage increases. hacked up by threats of strikes. But this year the massive human and financial costs of last month's Kobe earthquake have softened the tone of the bargaining. The railway unions and several others have publicly abjured the use of industrial disruption as a negotia-Yet desplte the more civilised tone, the two sides may be headed for a much more bruising showdown this year

month, for the third year run-

ning the Nikkeiren employers'

federation recommended a

freeze. The unions, however.

are pressing for a a flat

increase of Y14,000 per month,

an average of about 5 per cent.

It may prove more difficult

for the employers to hold the

line this year. In the last six

months as economic recovery

has stated to take root, labour

market conditiona have

improved sharply. Unemploy-

ment, which had been expected

to go on rising long after the

have peaked at last Novem-ber's 3 per cent, and has now

The job offers-to-applicants ratio also seems to have hit

bottom, and most striking of

all. In the last few months,

total overtime worked ended

four years of declines last sum-

mer and is now rising at a rate

of more than 7 per cent per year. "The improvement in the

labour market in the last few months is certain to put some upward pressure on compensa-

tion this year," says Mr Dick

Beason, senior economist at James Capel Pacific in Tokyo.

At the same time, with

the economy in tha early

stages of recovery, productive

ity is rising strongly. Manufac-

turing unit labour costs fell

last year for the first tima

since the recession began, and productivity rose in the second half of the year for the first

fallen to 2.8 per cent.

than in the past. For four years recession has restrained demands on pay and working hours. but now the unions sense thet their case has been bolstered by growing evidence of economic recovery.

Employers are equally determined to keep the brakes on

pay, citing their continuing need to restructure and reduce costs in an increasingly competitive international environment. The outcome of the shunto, as the process is called, will be important, not just for tbe prospects for industrial harmony, but for the cost structure. The shunto sets increases in employees' basic pay for the next year. The basic figure is only a

part of total remuneration, since companies also pay sub-stantial semi-annual bonuses. in summer and winter, to all workers, which can amount to as much as half their annual pay. But the shunto itself is an important determinant of the overall direction of wage costs. with companies taking their cue from each other in agreeing similar pay rises. Between 1990 and 1994, as

the economy slid into its deepest recession since the second world war, the labour market experienced an unprecedented squeeze. The official unemployment rate rose from 2 per cent in early 1990 to 3 per cent last autumn, just below its all-time high. The job offars-to-applicants ratio fell from over 1.4 iobs per applicant to less than 0.7 during the same period.

Against that background, the average increase agreed last year was 3.13 per cent, the lowest ever. This year employers are aiming to keep the wage rise below that, and last



time since 1991

That productivity improvement will contribute to the first increase in corporate profits this year since 1990.
All this strengthens the Koyano, economist at the DKB Research Institute in Tokyo, aays: "Corporate profits rose by more than 29 per cent in the second quarter of last year and will show a gain for the whole

year - that is certain to be a positive factor for the unions. But the strong yen, in particular, will force manufacturing exporters to keep their costs weakened by exposure to international competition will have a strong incentive to keep the pressure on wages," says Mr Atsushi Seike, professor of labour economics at Keio Uni-

Prices will also be a powerful weapon in companies defences. Though wage growth has slowed markedly in the last few years, so too have price increases.

If wages rise while prices fall, companies will see the productivity gains they have recorded disappear, and margins will come under renewed pressure. Most manufacturers already face falling wholesale prices for their products, and are not strong enough to with-stand sharp increases in their largest input cost - labour.

The most likely outcome according to most analysts, is a growing disparity in levels of pay settlements. In the past pay deals have tended to cluster closely around the average figure, but in the future, some sectors are likely to produce higher returns for workers than others. If thet happens it would represent yet another breach in the wall of Japan's innately conservative labour

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falling property

# Peso policy dilemma dogs Mexicans

Fears of worse recession fuel debate, writes Leslie Crawford

ican peso and early evi-dence of a dramatic fall in imports are worrying offi-cials at the Bank of Mexico, who fear a deepening reces-

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American Stranger . . .

The worries have added urgency to the debate over what exchange rate policy the government should adopt to pull Mexico out of its financial

Central bank officials say the options are restricted by Mexico's low level of interna-tional reserves, which barely cover three weeks of imports, and the collapse of investor confidence since the government's bungled devaluation in December. Since then, the Mexican peso has lost a third of its purchasing power, while a \$50bn international rescue package intended to allow Mexico to honour its short-term debts has done little to restore faith in the country's economic management,

"Our low level of reserves, the lack of credibility, means that if we were to fix the peso against the dollar tomorrow, whatever value we chose would probably come under immediate speculative attack," Mr Ariel Buira, one of the central bank's deputy governors, said in an interview.

"If we re-instated the previous regime, and allowed the peso to float within pre-deter-mined trading bands, it would also be shot down by the market." The option of an Argen-tine-style currency board, which restricts a country's monetary base to the level of hard currency reserves, has been discarded for various reasons, according to Mr Buira, including the fact that it would

be too costly to implement.

He believes Mexico's only option at present is to continue the free-float of the peso. adopted under duress after a run on the central bank's reserves in December.

But the floating regime, at a time of great nervousness in the financial markets, is wreaking havoc in the economy. "If the peso had stabilised within the floating regime, we would be happy," Mr Buira says, "but its current volability is hindering foreign trade transactions as well as invest-ment decisions." The central bank expects the loss of purchasing power of the Mexican currency to lead to a dramatic contraction of imports this year, compounding the looming recession, while the greater cost of imports will also feed

Until the import figures for January are published, the evidence of the decline in foreign purchases is anecdotal. Mr Buira says toll road operators have reported a 50 per cent decline in the number of US trucks using their highways,



ries almost daily reports of 1994 to \$14bn this year - proinvestment projects that have

either been cancelled or postponed as a result of the devalu-ation. The evidence so far, bowever, points to the fact that Mexico is headed for a far deeper recession than government officials are prepared to edmit Mr Buira believes Mexico

could end with a current account approximately in balance this year if the peso does not appreciate from its current rate of around 6.0 to the dollar. The government's 1995 economic programme, outlined in a letter of intent to the International Monetary Fund, foresaw a halving of Mexico's current

vided the peso recovered enough purchasing power to generate modest economic growth. But the government's assumption of a rate of 4.5 pesos to the dollar appears to be out of reach if it continues to allow market forces to determine the rate.

The option of a "dirty float", with selective intervention by the central bank to raise the peso to its desired level, is one increasingly favoured hy Mexico's monetary authorities. But the bank does not have the final word on foreign exchange policy, which is the prerogative of the finance ministry. Mexico's exchange regime

options may become clearer

ises plans for the restructuring of its \$22bn Tesobono debt the short-term, dollar-denominated treasury bills responsible for Mexico's current liquidity problems. Mr Buira said the government was planning to offer longer-term dollar instru-ments to the bolders of Tesobonos. If accepted, the lengthening maturities on government debt would ease

pressure on Mexico's foreign currency reserves and allow for more flexibility in foreign exchange policy.

Having taken the brunt of the blame for the events leading to the botched devaluation in December, the Bank of Mexico is now under fire for

once the finance ministry final-

refusing to relax monetary policy at a time when most of the country's corporate sector is gasping for credit. But, Mr Buira says, the cost of credit is not under the central bank's

"The high interest rates we are witnessing at present are not a function of the central bank's monetary policy, hut the perceived risk of investing in Mexico," Mr Buira says. "To follow an expansionary monetary policy at this point in time would be counter-productive. The most important thing the central bank can do is to try to inspire confidence, as only a return of investor confidence in Mexico will lower interest

# Mexico stocks down again as **US** talks start

By Leslie Crawford in Mexico City and Stephen Fidler in

Mexico's financial troubles continued to weigh on its stock and currency markets yesterday, prompting further sell-offs in other Latin American

The Mexican market was 2.22 per cent down in peso terms at mid-session, while the peso had slipped to 6.075 to the dollar against the Wednesday close of 5.975. In dollar terms, the Mexican market lost 15.7 per cent in

the previous three sessions. The Buenos Aires bourse posted losses of 5.85 per cent at mid-session yesterday after nine consecutive sessions of falls. São Paulo was down 5.56 per cent in late trading.

Mr Guillermo Ortiz, finance minister, was due in Washington yesterday for talks with Mr Robert Rubin, US treasury secretary, on the terms of a \$20bn credit line for Mexico. Mexican officials were hoping for an early completion of the talks but were not optimistic that it could be announced this week.

The US said yesterday it had approved the use of resources from the credit line so that the Mexican government could redeem early up to \$2hn of tesobonos, short-term dollardenominated government securities. Mexico said it would detail the redemption later.

However, market sentiment has been worsened by the default by Grupo Sidek, a diversified Mexican holding company, on short-term dollar deht. It chose not to repay \$19.5m (£12.5m) of commercial

paper which fell due on Wednesday. This raised fears that other Mexican companies with difficulties in rolling over their short-term debts might also opt to default.

"This might be the tip of the iceberg, in the sense that ions of companies are facing short-term liquidity problems. said Mr Geoffrey Dennis of Bear Stearns in New York "But we don't expect many companies to do what Sidek did. It had the money to meet payments and it chose not to. I don't think many companies

will risk taking that path." It seems to be cheaper now for some Mexican companies to pay contractual penalties than pay the higher interest rates being demanded for new finance, he said.

Analysts stress that not all Mexican companies face the same predicament, Grupo Mexicano de Desarrollo, a large construction firm, on Wednes-day made an advance down payment on a Eurobond issue faliing due today. Gemex, a Mexican bottling company, also announced that it had successfully rolled over some \$40m of commercial paper.

Mexican companies, bow ever, are paying significantly higher premiums to roll over their short-term obligations, Gemex paid 18's per cent to renew its commercial paper before it could acquire interna tional finance at 11 to 12 per cent.

Certain blue-chip stocks such as Telmex, Grupo Modelo (a beer company) and Cifra (in retailing) - are known to have sufficient cash reserves

# House agrees to slash

By George Graham

The House of Representatives terday rebuffed President to United Nations peace.

The measure is part of the Netional Security Revitalization hill, which incorporates the foreign policy and defence elements of the Republican party's Contract with America election manifesto.

But the hill is giving the Republican leaders some of their most difficult challenges

fered his first major defeat in

this Congress on Wednesday night when 24 rebel Republicans joined almost all the Democratic minority in the House to remove the bill's require-ment that the administration deploy "at the earliest practical date" a Star Wars-style defence system against ballistic mis-

The rehels included Congressman John Kasich, chairman of the House budget committee and a central Republican leader. He is a fiscal hawk who assigns a higher priority to budget deficit reduction than to restoring defence spending. Three other full committee heads also voted against

Administration officiala argue that there is no significant threat of a ballistic missile attack on the US in the next 10 years. They have concentrated their research and development on systems to defend egainst shorter-range

so far in pushing through an ambitious legislative agenda. Westerday, too, the Republ Yesterday, too, the Republi-Speaker Newt Gingrich suf- can leaders won only narrow approval of another element of the bill to set up a 12-member advisory Revitalization of National Security Commission rent US defence policy and

> contested by Mr William Perry, defence secretary, who argues that it would infringe on his

He has also criticised other measures in the bill which would restrict the president in placing US troops under foration. 'I think it cripples our operational capability with no clear benefit," Mr Perry said this week, noting that US troops had served under the operational control of foreign commanders in World War I. World War II, Desert Storm and Korea.

A final vote on the overall bill was expected late yesterday, but action in the Senate

# cash for UN peace role

#### Bill Clinton's veto threat and agreed to a measure that would slash US contributions keeping operations. The Republican-dominated chamber voted in favour of a requirement that the US

deduct from its assessed UN peace-keeping contributions any costs the Defence Department directly incurs in supporting those peace-keeping operations. The Clinton administration says such a step would have entirely wiped out the \$1.5bn (£962m) US contribu-

# Argentine pension cut advances

The lower house of the Argentine Congress approved late on Wednesday a bill that would help cut the costs of state pensions, writes David Pilling in Buenos Aires.

Passage of the so-called superlaw, which was drafted by economy minister Mr Domingo Cavallo and will be sent to the Senate next month, promises to be an important weapon in his budget balancing armoury. Its prospects in the Senate are good.

Progress with the bill is welcome for the government amid general economic gloom in Argentina. The state pension system loses the equivalent of an estimated \$300m (£192m) a month, according to Baring Securities.

Deputies approved the pensions bill after watching the Buenos Aires market plunge on Wednesday for the ninth consecutive sess Mr Cavallo had warned Congress that failure to pass the bill, as well as other pending legislation such as labour reform, would have

risked plunging Argentina into recession.

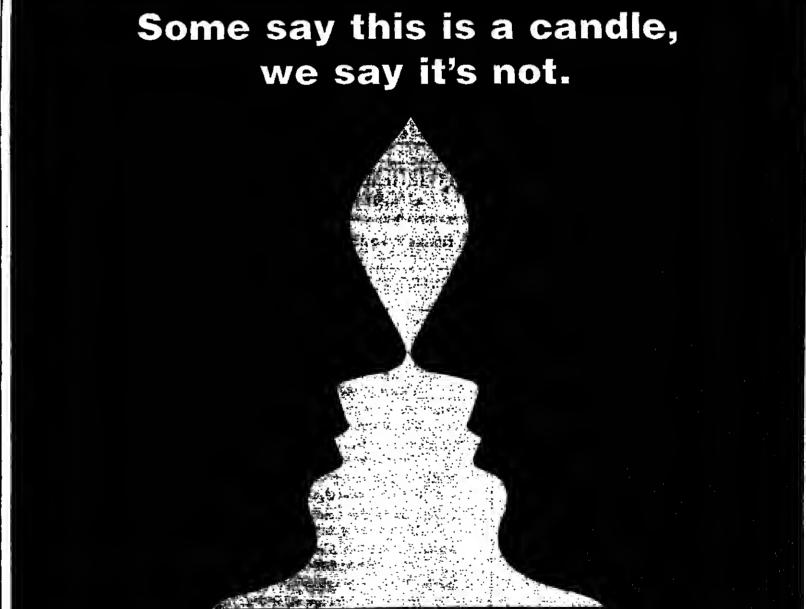
The blue-chip Merval index has shed more than 35 per cent since the Mexican crisis broke ber. Many institutions, struck by liquidity problems, have been forced to sell into a market with little appetite to buy.

The "superlaw" stipulates that the state pension system cannot pay out more than it col-lects, and limits the power of courts to raise individual pension payments. One deputy, angered by the potential social implications of

the bill, called it "a step back 50 years". Mr Cavallo'a room for manoeuvre is limited. Access to borrowing is severely restricted after the recent Mexican devaluation, while bopes to increase tax revenue significantly this year, mainly by more efficient collection, have been

dented by prospects of economic slowdown.

Official estimates of growth this year have already been cut from 6.5 to 4.5 per cent, with many economists predicting only 3 per cent.



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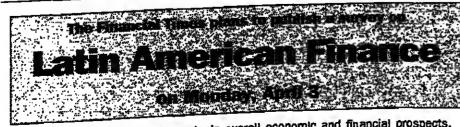
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FT Surveys

# German wagon maker finds going tough in US

By Judy Dempsey in Berlin

Times are tough for Dentsche Waggonban (DWA), the east German manufacturers of railway cars. Today its board will hold a crucial meeting to decide if it can afford to shed more jobs in order to pave the way for elling the company to Advent, the US-based venture capital group. If there is no agreement, Advent might have more than second thoughts about buying what was once the flagship of east Germany's manufacturing

DWA, one of the few remaining enterprises to be privatised by the BVS, the successor to the Treuhand privatisation agency, has already undergone a massive restructuring programme. Its workforce has been ther redundancies on the way. Investments of DM250m (\$164m), excluding DM4bn credits to find new markets, have been poured into the company, particularly in research and design.

Throughout these five years of restructuring, DWA has sought to win contracts in Germany and further afield, especially the US. And last year, confident it could break into the highly competitive IIS market, it hid for a \$234m contract for 119 railway cars for the Long Island Railroad com-

The board of the Metropolitan Transportation Authority (MTA), which has the final say in awarding contracts, and which orders more passenger rail cars than any other authority in the US, opted for Kawa-

unification in 1990 to 6,000, with furthe past 15 years, Kawasaki has been one of the main suppliers to the Long Island Railroad company.

However, the contract was not signed following DWA's decision last December to question the MTA's procurement policy after failing to win.

"We were offering to build the cars at a cheaper price," said Mr Larry Levinson, DWA's lawyer, and a partner at the New York law firm of Herrick and Feinstein. We were prepared to assemble the cars on Long Island and create jobs in this depressed region. We believed our bid was a good one."

Under pressure from DWA, the MTA deferred its decision to award the contract until February 24. In the meantime, the Inspector General's MTA, is investigating DWA's allega- tell you what is at issue. It is about tions that the east Germans had been unfairly treated.

Mr Henry Flinter, the Inspector General, said last week that he "cannot comment" until his office's findings are complete later this month. However, he said that the original objections raised by the MTA, and by the Long Island Railcar company to DWA's hid - that the east Germans could not make steel cars, that its financial future was questionable, and that DWA simply did not meet the specifications of the Long Island Rail-way company, "are those issues which we are looking into".

Mr Levinson and DWA officials contest this view. "Wa would not have presented a bid if we did not think we But Mr Levinson went further: "I will

"The US government

demands non-market devices

and other interference in the marketplace to assure increased sales of US auto

parts to Japanese companies,"

said the Japan Automobile

Manufacturers, Association in

US officials are seeking com-

mitments for more purchases

of parts from "traditional"

(American) parts suppliers by

US. Knowing they are on

shaky ground with this demand, US officials have

brought a trade action against

Japan's after-parts market,

which could conceivably be

ong as cars and parts made in

Japan are subject to the same standards, then it is abiding by

international trade rules.
"The auto industry is global

with thousands of cross rela-

tionships between countries

and companies," it noted.

"Increasing sales between

countries cannot be defined by

simple market shares."

resolved through deregulation. Jama acknowledges that its regulation is stringent, that de-regulation is desirable, but as

monopolies. You have two railcar manufacturers trying to keep everyone else out of the market. There is simply not enough competition.

That's what DWA wanted to bring." Back in Berlin; DWA officials are gloomy about the prospects of ever-winning the Long Island contract, even though they have been told by experts that the profit margins for such a venture might be too low to make the deal worthwhile. Indee DWA's divided management are even pessimistic that they can agree to sell further restructuring plans to its workforce so as to clinch the privatisation deal with Advent.

"Wa thought if was tough back in 1990. But somehow, it just gets even tougher no matter where we go," a DWA official said.

### Airbus plan for Japan tie-up fails

By Gerard Baker in Tokyo and

A planned tie-up between Airbus Industrie and Japanese companies to develop a very large passenger abcraft now large passenger aircraft now seems unlikely to go ahead,

Mr Adam Brown, Airbus vice-president, said in Tokyo that the company had received no response to its approach to two Japanese aerospace mann-facturers to participate in the

Kawasaki Heavy Industries and Mitsubishi Heavy Industries had both been asked by Airbus to take part in the development and production of the A3XX aircraft. Mr Brown said, but neither had shown interest. The company was now seeking partners

among other countries in Asia.

The AXXX is one of several projects aimed at developing an aircraft to succeed the Boe ing 747-400, which carries A3XX would carry about 600 passengers on two decks.

Airbus has been conducting All of this may be true, but it is also true that the unrelenta joint study with Boeing into ing pressure by the US industhe possible development of try and government has begun the Very Large Commercial Transport (VLCT), which would carry bwteen 600 and 800 passengers. to open a very closed market and it is unlikely to ease its

# WTO calls for MFA compliance

Pakistan remains a high-tariff economy despite commendable progress towards trade liberalisation, the World Trade Organisation says in a secretarist report on the country's trade regime. The inward-looking trade policies practised until recently have left Pakistan's economy isolated, protected and heavily dependent on exports of cotton and cotton-based manufacturing, accounting for about 60 per cent of goods exports, the report says. This in turn has made Pakistan vulnerable to import restrictions by trading partners, especially in the tex-tiles and clothing sector.

WTO report calls on industrialised countries to comp with the Uruguay Round agreement to dismantle the Multi-F hre Arrangement restricting textiles and clothing trade. Better trading conditions would boost Pakistan's exports and encourage further progress towards trade reform and economic liber-

alisation, the report says.

Even after substantial reductions, import tariffs average 50 Even after substantial reductions, import tarms average 50 per cent and only a third of tariff lines are "bound" under WTO rules which prevent governments from raising duties at will. Pakistant officials told WTO members this week that the government planned to halve the maximum tariff from 70 to 35 per cent by 1996-97 and to increase the proportion of tariff bindings. The list of problibited goods, already cut from 300 to 70 thems, would shrink further with the removal from July of over 60 textile products. Frances: Williams General over 60 textile products. Frances Williams, Geneva

#### BMW plans S Korea venture

German executive car maker BMW is setting up its own distribution company in South Korea. The company, BMW Korea Corporation, will be capitalised at DM2m (\$1.3m) but expects to spend many times this amount over the next few years developing a distribution and sales network. Amouncing the plan yesterday, Munich-headquartered BMW said it expected to sell around 1,000 cars in South Korea this year, compared with 200 in 1994. The venture into Korea's new car market is part of a strategy by BMW to establish a footbold in the Asia-Pacific region, expected to be the fastest-growing region for car sales in the next decade. John Griffiths, London

Belleli, the Italian heavy engineering group, has won L150bn (\$92.93m) contract to construct a tension leg oil-drilling platform for the Shell, Amoco and Exxon oil companies. The 41,000-tonne rig will operate in the Ram-Powell oilfield in the Gulf of Mexico from 1997, at a record depth for US water of 980 metres. Shell Offshore has a 38 per cent share in the project. and Amoco and Exxon 31 per cent each. Belleli has already supplied one tension leg platform for Shell Offshore. The Auger platform operates at a depth of 890 metres in the Gulf of Mexico, and another 20,000-tonne platform, Mars, to operate at 910 metres, is under construction. Andrew Hill, Milan

■ Mobil Nigeria and Nigerian National Petroleum Corpora tion (NNPC) have awarded a contract worth about \$665m to ABB Lummus Crest, the lead contractor, JGC, Bouygues Off-shore and a joint venture of Spiebatignolies and Fougerolle for the Oso natural gas liquids recovery project. Mobil has a 51 per cent stake and NNPC 49 per cent. The project will recover 350m barrels of natural gas liquids from the Oso gas stream at the Oso field, 35 miles south of Mobil's Qua liboe terminal.

■ British Telecommunications has launched an initiative to sell its integrated trading system to dealing rooms in India. Analysis predict the market for these systems will grow rap idly, Mr Ken Wells, BT's country manager for India, said the country's need would double annually from the present 800 trading positions over the next five years. BT has also set up a joint venture with Bangalore-based Wipro for service support.

# Japanese car dealers under US pressure

apanese officials have come up with a proposal to break the stalemate with the US over vehicle imports. They have suggested conducting a joint survey of 1,600 Japanese car dealers to determine which would co-operate with US car producers in pushing for a larger

share of the Japanese market. This proposal falls far short of American vehicle producers' mands, but could at least jolt the talks out of their current sluggish pace. US officials are anxious for a deal by March 31, a deadline for once not encumbered hy a threat of sanctions. The US vehicle and spare parts deficit with Japan is expected to reach an all-time high of \$39.4bn (£25.4bn) this year, a rise from \$36.1bn in 1994. While the US Congress does not appear interested in new trade legislation directed at

Japan at the moment, a slowdown in US domestic car sales. partly as a result of higher interest rates, could bring loud demands for action. Hence the pressure on trade officials to come up with something. In the past, the Big Three US car producers - Ford, General Motors and Chrysler - ware subject to much ridi-

ing to produce the right-hand drive vehicles it requires. An earlier US-Japanese survey of Japan's car dealers found only 1.5 per cent interested in selling US cars. For

cule for demanding entry to

the Japanese market while fail-

Expect no let-up in market-opening moves, writes Nancy Dunne

turers Association says each company has invested the

\$20m-\$30m per model needed to

re-engineer cars for right-hand drive. Each has four models

planned for sale in Japan.

However, some of those mod-

do much for the US trade bal-

ance; the Opels are being deliv-

ered from GM's German plant.

ments, Detroit has set as its long-range target, 25 to 50 per cent of Japan's vehicle market.

It is willing to accept a 10 per

cent market share over the next three years. To achieve this, it is seeking access to the

showrooms of 1,200 dealer-

ships.
"Wa are not asking for guar-

anteed sales," the MVMA said.

"But we think if the product is

available for people to see, it

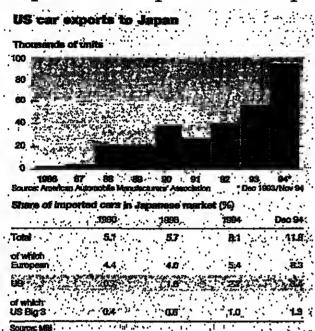
the introduction of right-hand

drive models, Big Three sales of right-hand drive models climbed by 50 per cent in 1994 to 57,357 vehicles. The target for 1998 is 200,000.

It points to the fact that with

Having made the invest-

els, such as GM's Opel, will not



one thing, Japanese dealers has dropped its prices and is were worried that Detroit was not committed enough to provide quick support for repairs and replacement parts. US officials counter that Detroit has spent millions to prove its commitment to the

market. Ford Motor Company

has set up its own electronics

centre near Hiroshima and a

technology centre in Tokyo,

working hard to build its own offices to Tokyo, dropped prices on its Cherokee jeeps ogy centre in Tokyo and began forging links with Japanese

distribution system. Chrysler, which moved its Asia sales and saw sales soar. General Motors established a technol-

The Motor Vehicle Manufac-

The Japanese industry seems close to reaching the "volun-tary" targets it set at \$19hn in purchases of US vehicle parts by the end of Japan's 1994 fisyear in March. However, it is resisting US demands to increase "voluntary" targets to \$40bn out of fear that US nego-tiators will insist that targets

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# Baltic ports search for newrole as gateway to Russia

Matthew Kaminski on efforts to exploit the growing transit trade

r Vladimir Volohontor of Tallinn Port, shuffles maps and reports outlining expansion plans for Estonia's three-port complex. "When Russia opens up," he says, "we'll need five more. That's the future."

· Along the Baltic's eastern shore, old Hanseatic League towns like Tallinn and Riga await the revival of the old trade routes and are vying to be the gateway for lucrative Russian transit trade, which is increasingly reorienting to western Europe. The challenge for the Baltic states, freed from Soviet rule just three years ago, is to overcome political barriers and regional rivalries. In the far north; Estonia has the upper hand. The smallest former Soviet republic has all the region's deepest ports, usually ice-free, near Tallinn, the capital, with its good rail and road links east. Low custom duties make Estonia comparatively efficient and hassle-free for transporters. Muuea, the largest port, was built just eight years ago, with an 18-metre draught. It has plans for new dry bulk, container and oil terminals at an estimated cost

By March, Munga's coal berth will be lengthened 75 metres to maintain Estonia's 60 per cent share of the 4.5m tonnes Russia sends through the Baltic countries each year. says Mr Volohonsky.

Overall, transit trade makes up 90 per cent of the three ports' 15m tonne traffic this year, up from 11m tonnes in

With a EKr209.4m (\$16.9m) profit last year, the Port of Tallinn comp ter than the other Baltic ports to the unpredictabla trade movements stemming from the collapse of the Comecon trad-

In Latvia, Riga'a port, smaller (with a 10 metre draught) but with better rail links, has seen trade turnover halved to 2.8m tonnes this year. "There are no stable cargo flows to and from Russia, only a lot of cheap metal," says Mr Aldis Zieds, a deputy director. He notes that grain and sugar imports, which used to make up 60 per cent of traffic, now account for 7 per cent. Lithuania's Klaipeda port



was hit by the collapse in iron ore and steel trade to east Gerny. Although the road from Klaipeda to Vilnius, the Lithuanian capital, is the best in the Baltics, the port is hampered by a shallow 7 metre canal and small berths that have little Latvia and Lithuania hope to

catch up with Estonia'a port facilities, and Latvia is particularly well placed. Aside from the good land links, the only oil pipeline from the Siberian steppes to the Baltic ends at Ventspils, the main oil port, which has a 33m tonne annual capacity and a 12.5 metre aught. Russian disputes with Latvia over trade and human rights diverted the off elsewhere, but a recent agreeme looks set to increase traffic through Ventspils, now work-

ing at 66 per cent capacity. The Latvian port of Lieps is home to the main Soviet Baltic Fleet port outside Russia. A few docks are now leased for timber and non-ferrous metals. A switch to commercial use is also planned at Estonia's Paldi-

The Latvian Shipping Company, operating an 86-ship fleet, is still in profit on a turnover of \$300m this year. "We're trying to keep our old clients," says Mr Peteris Avotins, presi-dent, citing Russians with export licences. The Russian connection is important for the development of the nascent banking sector in Tallinn and for Riga's ambitions to become the financial and trade centre

"Our main customers are ed to the ports," says Mr Jūri Mõis, chief executive at Hansa Bank, Tallinn's larg-est. "But the business is difficult because there is no direct payment clearing system with Russian banks." The Baltic states' continuing

it was before the war.

sociations and tensions with, and reliance on, Russia is evident in many aspects of their economic and trade development. The Balts do not have most favoured nation status (MFN) with Russia; only Lith. uania has signed an MFN agreement, but ratification in the Russian parliament is contingent on a bilateral agree-

ment on troop transport into Kaliningrad, the Russian coastal enclave, signed on January 18.

Estonia's and Latvia's simmering border dispute with Russia threatens Baltic efforts towards closer integration with the European Union, which opened talks on association agreements last week. Mr Volohousky, an ethnic Russian, complains that rail transit tariffs rise every two months, and are double what any other country must pay.

Following the collapse of the former Soviet Union, Russia found itself cut off from big Soviet ports and has tried to promote transit trade through its two remaining Baltic ports, St Petersburg and Kaliningrad. Both have problems.

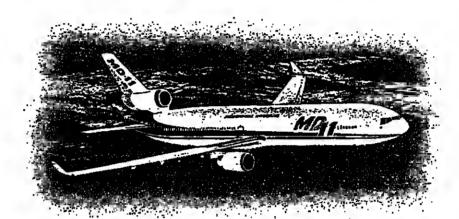
St Petersburg, a traditional sugar import harbour, is icebound almost five months a year and the Morskoy Channel must be regularly dredged. Theft and cumbersome cus-toms procedures lead many transporters to opt instead for Estonia or even the Finnish ports at Kotka and Helsinki, despite higher rail costs, according to a recent report by Logion, a Dutch consultancy.

The only ice-free Russian port, Kaliningrad, is cut off from Russia by two borders, making land transport diffi-cult. The city port - with only a 7.9 metre draught - has seen traffic fall from 5m tommes in 1992 to 3.5m tonnes this year, says Ms Natalia Pozdiakova.

The region's efforts to attract investment through a free trade zone are falling short of expectations and the Baltics are set to capitalise on their natural advantages. But the Logion report warns success depends greatly on improving political ties with Russia. although compromise over sovereignty questions "may ba emotionally very difficult" for the three countries who fought for their independence.

A hig concern is that expansion plans at Munga unnecessarily undercut the region's other ports. Under Soviet rule, all the Baltic ports were specialised and now, as competitors, they are diversifying to serve the Russian market, where future demand for their services remains uncertain and. for the present, too low.

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# Israel to ease restrictions on borders

vesterdav agreed partially to ease the three-week losure of its borders with the Gaza Strip and occupied West Bank and said it would enter into intensive peace talks with Palestinians.

The partial lifting will diffuse tension in Israeli-Palestinian peace talks but falls short of Palestinian demands for a return to open borders and a speedy implementation of the

Mr Yitzhak Rabin, Israeli prime minister, said after meeting Mr Yassir Arafat, the Palestinian leader, that Israel would next week allow 15,000 Palestinians over the age of 30 to enter Israel to work.

Officials said a further easing of the closure might take place in the coming weeks if the Palestinian self-rule authority takes further security measures against extremists responsible for attacks on

But Palestinians said the gesture was a minimal concession and underlined the fact that Israel intends to maintain restrictive border policies which prevent tens of thousands of Palestinians from working in Israel and harm Palestinian economic pros-

Until the latest closure, 60,000 Palestinians were allowed to cross into work in Israel, one half of the peak nigrant labour force of 125,000 before the 1991 Gulf War.

In recent months Israel has given permits valid for one year to 59,100 foreign workers, mostly from Romania and Thailand, to fill jobs traditionally done by Palestinians in construction and agriculture. A further 11,000 permits for foreign workers are in the pipe line, a move which in effect rules out Palestinians returning to the jobs they once held.

To alleviate the economic effects of the closure. Israel and the Palestine Liberation movement of Palestinian trucks across international



crossing points from the self rule areas of Gaza and Jericho to Egypt and Jordan

Both sides also agreed to speed the construction of industrial parks on the Israeli-Palestinian borders, whose products will be included in Israel-US and Israel-European Union free trade agreements. But Palestinians said the parks would only provide a solution in the long-term to the unemployment crisis in Gaza and the West Bank.

Nevertheleas Mr Ahmed Qurie (Abu Ala'a), Palestinian trade "minister", said Israel's promise to intensify peace talks on Palestinian elections and an Israeli troop redeploy-ment in the West Bank had broken the deadlock in the peace process. Israel also agreed to reactivate a ministe-rial committee to review procedures for the release of 000 Palestinian prisoners still held by

But it was clear yesterday Israel is still not ready to move swiftly on redeployment in the West Bank, Instead, Mr Rabin renewed his offer to grant the PLO immediate municipal and economic control of the small West Bank town of Jenin, without an Israeli military withdrawal. Mr Rabin said Mr Arafat had shown little enthusiasm for the proposal.

# British commitment to EU queried after aid row

Mr Alain Juppé, the French foreign minister, yesterday called into question Britain's commitment to the European Union after he abruptly ended a two-day ministerial meeting of the EU and African, Caribbean and Pacific countries on multilateral

By Caroline Southey in Brussels

Britain has became isolated after insisting on a cut in its contribution to the European Development Fund,

rate on its bilateral aid programme.
"Belonging to the EU means accepting the multilateral discipline," Mr Juppé said, adding that countries which argued they could not give multilateral aid because of bilateral commitments where calling into ques-tion the "very concept of belonging to

the EU". Mr Juppe's outburst followed his failed attempts on Wednesday night to secure commitments from member states for an aid package for ACP

Germany, which earlier had been in

the British camp, joined the Nether-lands and Italy in opposing an increase in aid in real terms. Britain is the third largest donor to the fund after Germany and France.

Tensions between France and Britain came to a head yesterday morning after Mr Juppé closed the meeting after just 40 minutes. Observers said Mr Juppé curtly rebuffed a suggestion from Baroness Chalker, UK minister for Overseas Development, that the meeting remain in ses-

France and the European Commis-

sion argued that trade issues could not be addressed before the aid issue had been settled, although EU officials said Mr Juppé's decision had surprised some member states and angered others.

Lady Chalker said she regretted the meeting had broken up so quickly as "was a lot of important and useful work we could have done on issues like improved market access and rules of origin."

Mr Juppe said the commitments of less than Ecul2bn (\$14.8bm) he had Wednesday were "totally unpresenta-

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wabbling

He said that France, which holds the EU presidency, and the Commis-sion remained determined to increase the next EDF in real terms to Ecul4.3bn to take into account inflation and contributions from the three new member states - Austria, Sweden and Finland.

The meeting was part of a mid-term review of the Lomé Convention which offers preferential trade terms for ACP countries. The review was due to be completed by the end of the month.

# Nigeria investment moves fail |South Korea to convince the multinationals builds links

Deregulation promises have not halted divestment, writes Paul Adams

busy trying to sell the virtues of the 1995 budget for foreign investment, some unconvinced multinationals are going ahead with plans to pull out of the country, and the rest are wondering when the newly deregulated foreign exchange system will be allowed to work.

The scrapping of some of the limits on foreign majority own-ership and the repeal of the Exchange Control Act have had no effect on plans by Hoechst, the German pharmaceutical group, to sell its 40 per cent stake in Hoechst Nigeria to an offshore holding company controlled by Mr Ernest Shonekan, who was briefly head of state in 1993 and is now an informal adviser on the economy to General Sani Abacha's regime.

Like many manufacturers in Nigeria who exported infor-mally to the neighbouring francophone African countries, Hoechst lost about 30 per cent of its sales early last year when the revaluation of the Nigerian currency and the devaluation of the CFA franc eroded competitiveness.

This follows other divestments by multinationals in pharmaceuticals in the past three years, including Wellcome and ICI. Glavo has retained its stake in a Nigerian affiliate but changed the name to Evans Medical.

time the country's three motor car assemblers have survived mainly on orders from government agencies, including the army. Last month Volkswagen Nigeria closed its plant near Lagos assembling Santana cars which had been almost at a standstill for months. In recent years, all three foreign car makers with assembly plants in Nigeria have survived off orders from government agencies, including the army.

The lack of foreign exchange to import completely knocked-down kits and the mass of cheaper imported cars meant that Volkswagen could not compets. The remaining two car vehicle assemblers, Peng-eot Antomobile Nigeria in Kaduna and Annamco, the Mercedes Benz bus plant in Enugu, are suffering from the same problems and operating at low levels compared with Government regulation of

from state-owned depots and refineries have also undermined multinationals' profits in the downstream oil sector, Texaco's 60 per cent stake in Texaco Nigeria, which produces and markets petroleum products, has been for sale since 1993. Engen, the South African energy company for-

merly part of the Gencor min-

ing group, is close to acquiring

fuel prices and erratic supply

Foreign partnership in Texaco's 60 per cent share in Nigeria's car assembly sector Texaco Nigeria, according to is also under strain. For some stockbrokers in Lagos. stockbrokers in Lagos.

The 1995 bndget has scrapped the law restricting foreign ownership in almost all sectors of the Nigerian economy except the most impor-tant the oil and gas exploration and production joint ventures in which the parasta-tal Nigerian National Petrolearn Corporation owns 58 per cent and international oil companies the rest.

These joint ventures account for more than 90 per cent of export earnings and government revenue. The government's failure to pay its share of operating costs last year led to arrears of \$1.1hn to its minority partners - Shell, Mobil, Chevron and the other oil companies that are also the operators. The government has rejected the oil companies' proposal to dilute NNPC's equity in the joint ventures.

ntil they are assured of payment, the oil companies have scaled down investment and warned that, at present levels, Nigeria will be unable to maintain its production capacity, much less increase it as planned.

Late last year Nigerian out-put dropped below its Opec quota (2,04m barrels a day, including condensate) and is currently losing 85,000 b/d as a result of an explosion at a Mobil platform on January 19.

realistic exchange rate before using dollars to pay for local costs. "Last year," says an executive of one of them, "we were forced to change dollars at N22 (the market rate is eround N30). Until we know what is happening we shall continue to borrow locally in

naira wherever possible."
The oil industry should be the main source of foreign exchange to the rest of the private sector but under this year's guidelines the oil companies can only sell their dollars to the Central Bank of Nigeria. which will buy them at "auton-omous rates" and sell them on the inter-bank market. But the CBN has not offered to buy nor indicated its intended rate and an oil company has asked the central bank for clarification.

The government's exchange rate policy remains confused. While insisting recently that convertibility of the naira was the ultimate aim, Mr Paul Ogwima, the central bank governor, promised to "restore and defend the international value of the naira through a combi-nation of demand management, supply initiatives and supportive complementary

Unless it allows the oil companies' dollars into the system. the CBN has little scope for intervention with forsign exchange reserves estimated at about \$400m, less than a month's imports.

# in Uzbekistan

By John Burton in Secul

Mr Islam Karimov, the Uzbekistan president, this week paid a second visit to Seoul in three years, under-scoring South Korea's growing mic ties with the Central Asian republic. Uzbekistan accounts for 80

per cent of the \$100m in total South Korean direct investments in the former Soviet Union, It is also South Korea's second largest trading partner among the former Soviet republics after Russia.

South Korean companies regard Uzbekistan as a more stable investment area than Russia, while offering low labour and production costs.

Another main attraction is

that Uzbekistan is home to 200,000 ethnic Koreans deported there from the Soviet Far East by Stalin in 1937. The Soviet dictator was concerned about the loyalty of the Koreans in the event of a war with Japan, which then ruled the Korean peninsula.

The emotional ties that

Korea has for its overseas diaspora has made Uzbekistan a prime focus of diplomatic activity although bilateral rela-tions are only three years old. In that time, trade between the two countries has grown from \$3.7m in 1992 to \$87m in 1993 and more than \$200m last year.

Mr Karimov is seeking more

ean investments. Daewoo, considered the most aggressive among Sonth Korea's industrial groups in entering emerging markets, is now the largest investor in Uzbekistan with contracts totalling \$750m for 50/50 joint venture projects in cars, electronics and textiles. Mr Kim Woo-choong, Daewoo chairman

Korean investment, particu

larly in electronics, cars and

joint development of mineral

resources. He promised yester-

day in a meeting with Presi-

dent Kim Young-sam to con-clude a double-taxation treaty

and a commercial arbitration

ment to encourage Kor

mmunications, and the

and founder, paid a visit to The largest Daewoo project is its planned \$650m investment in a car manufacturing plant at Andizan in Uzbekioperations next year and have an annual production capacity of 200,000 vehicles by 2000.

Daewoo views the car plant as its main export base in the region, with the factory supplying vehicles to neighbouring markets in Russia, Iran Afghanistan and Pakistan.

Other Korean businesse including the Samsung and LG industrial groups and the Samyang textile company, are also considering investments in Uzbekistan.

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Export sales of UK machine tools were 95.5 per cent higher in the last quarter of 1994 compared with the comparable months the year before, the government statistical agency reported yesterday. Total machine tool sales in late 1994 totalled £299m, an increase of 30.4 per cent at current prices compared with the correspond-

cent

FINANCIAL TIMES FRIDAY FEBRUARY 17 1995 ★

Sales for the whole of 1994, not seasonally adjusted, totalled £1.002bn compared with £856m the previous year. The improvement comes after a series of bad years for the industry. In 1993 total sales at constant 1990 prices had fallen 40 per cent in three years. The steep increase in sales last year still leaves machine tool manufacturers with sales a third ing period of 1993. The sales down on 1990. Nevertheless,

tions that 1994 had been a better year for the industry. "Demand for machine tools in 1994 was a lot stronger than in 1993 and we expect it to continue in 1995 and even into 1996, assuming no major disasters," said Mr Geoff Noon, an official of the Machine Tool

Technologies Association. The

rise in exports came after .

recovery in US, German,

French and Belgian markets, the leading buyers for British

said. Individual large projects in Spain and Indonesia have also lifted exports.

Using 1990 constant prices. seasonally adjusted, fourth quarter sales were 7.5 per cent up on the third quarter of 1994, the result of a rise of 14.7 per cent in export sales and a 1.5 per cent increase in bome sales. Mr Noon cautioned against hope that the industry would return to its 1989 peak, because improved technology

machine tools, the association has offered tool users more productive equipment that lasts longer.

 UK car production rose strongly in January, having already reached a 20-year high last year. The January increase was driven wholly by export business, with production for the UK market dropping back. Nevertheless, with mainland European markets continuing a steady recovery, the industry has made a good start towards car ontput exceeding 1.5m

European football champion ships will draw between 150,000 and 250,000 visitors to

England. There would be income from sponsorship, the sale of 1.3m tickets, television

rights, travel to the UK, and

city promotion for matches

involving 16 national sides in eight cities.

ships are the largest major sporting event in this country since the football World Cup of

1966," says the Association of

Ten per cent of Uefa'e spon-sorship income will go to the

English Football Association,

which also has contracts with

Metropolitan Authorities.

Potentially the champion-

units this year for the first time since 1974.

Last month's total output of 119,358 cars was 18.5 per cent higher than 160,768 a year before, according to official statistics yesterday. Within this total, production for ontput was 83.3 per cent higher, at 67,379, compared with 36,756 a year ago. But falling UK demand, particularly among private buyers, led to a 18.8 per cent drop in output for the

Young

shun

unions

By Robert Taylor, Employment Editor

Trade unious suffered a "massive" fall in the number

of young members during the

recent recession, the Trades

Union Congress said yester-

Between spring 1990 and

autumn 1993, the number of

union members under 25

dropped by nearly 40 per cent

from 1.083m to 657,000, an

unreleased TUC report based

on government figures shows. The number of young work-

ers under 20 in a union fell by

63 per cent. That compares

with en overall drop of 10 per

cent in the oumber of workers

The TUC figures, calculated

from the government's Labour

Force Surveys, show that

fewer than one in 10 people

under 20 was in unions by

in unions over the period.

workers

# Minister opens

**UK NEWS DIGEST** 

# search for unfair state aid to steel

A group to check on state aids and unfair practices in the European steel industry was launched yesterday by the UK's Department of Trade and Industry. The Steel Subsidies Montoring Committee will include representatives of British Steel, the British Iron and Steel Producers Association, the DTI and other government departments. Mr Tim Eggar, the industry and energy minister, said. "I am determined to fight for a level playing field for the UK steel

industry. The exceptional granting of state aid to steel producers in countries such as Italy, Spain and Germany must be rigorously monitored." The committee, supported by a £20,000 (\$31,000) DTI grant

will gather information on the restructuring of six steel producers in Spain, Italy. Germany and Portugal, whose aid packages totalling Ecu 7bn (\$8.5bn) were agreed by European Union industry ministers in December 1993.

Mr Eggar said the European Commission had the central role of ensuring that state aid was used only for the agreed purpose of restructuring. The committee will pass any evi-dence of illegal subsidies to the Commission. Andrew Baxter

#### Secrecy on sell-off attacked

The opposition Labour party accused the government of "gag ging parliament" after it refused to provide details of the sum-paid to individual consultants advising it on rail privatisation. Mr John Watts, rail and roads minister, said payments to advisers totalled £17.1m (\$26.5m), but individual amounts could not be disclosed because they were commercially confi-dential. Details were given in July 1994, the last time the Labour party asked for them. Ms Glenda Jackson, Labour's transport campaign co-ordinator, said: "This ban is not just an insult to parliament, it is an insult to the people of Britain who are watching their taxes wasted on this shambolic privatisation," Charles Batchelor, Transport Correspondent

#### Big surplus on national budget

The UK recorded a substantial budget surplus last month, with buoyant corporation tax receipts strengthening expectations that the public sector borrowing requirement for this financial year will match or undershoot the £34.3bn forecast by the Treasury last November. The Treasury and the government's statistical office reported yesterday that the public sector repaid a net £2.99bn of debt in January after borrowing £456m in December. The December borrowing figure was revised down from the £677m reported last month. The cumulative PSBR for the first 10 months of the 1994-95 financial year was £20,1bn, down from £29.5bn in the corresponding 1993-94 period. Peter Norman, Economics Editor

#### Phone rivalry intensities

leading mobile phone operator, is introducing a new tariff aimed at personal and residential subscribers designed to increase its lead in the emerging market for mobile digital telephony. Digital telephony, which offers improved quality and a broader range of services, will eventually dominate the mobile communications market. It is being adopted mainly by business customers.

Vodafone has an estimated 118,000 digital subscribers compared with an estimated 20,000 for Cellnet, its chief riva Earlier this week Cellnet said it would spend up to £700m over three years to upgrade its network, chiefly by extending its digital services. The two companies are battling for overall market leadership. Vodafone with 1.64m customers for analogue and digital services is slowly being overtaken by Cellnet with 1.56m. Cellnet is owned by British Telecommunications, the former state utility, and Securicor. Alan Cane

Company quits rail consortium: Blue Circle, the cement group, is to pull out of the London & Continental Railways consor-tium, which is bidding for the contract to build the high-speed Channel tunnel rail link. Construction of the 108km line is due to begin in 1997. "There is very little we could contribute in the early years because we are not railway engineers," said Mr John McCready, a director of Blue Circle Properties. The other members of the consortium are consulting engineers Ove Arup and Sir William Halcrow; Bechtel, the US construction group; Sofrerail, French consultants; the Virgin Group; and National Express, the coach company.

unting pay surges: Pay in accounting jobs is racing ahead of inflation, says Accountancy Personnel, a large recruiter for the financial sector. It says salaries for accountancy trainees have risen 9 per cent in the past year, while those of finance directors have gone up by 6.5 per cent. Official figures show that average earnings rose 3.75 per cent in the 12 months to

Cola fizzes: Sainsbury's Classic Cola, the own-brand drink launched by the Sainsbury retail chain last April, accounted for 11 per cent of the UK cola market in the nine months to January, says Nielsen, the market research group. Comparable shares were 49.2 per cent for Coca-Cola and 18.3 per cent for

Terrorism cover: A new terrorism insurance cover scheme for commercial property has been launched by a group of brokers

#### Politicians condemn 'criminals and thugs' who disrupted match in Ireland

# Premier apologises for football 'disgrace'

By John Meson and Simon Kuper

Mr John Major, the prime minister, yesterday apologised to Mr John Bruton, prime minister of the Irish Republic, for rioting by England football fans in Dublin on Wednesday

. He told Mr Bruton the fans "are ;not the true face of Britain or of British sport." Officials in Downing Street said Mr Major still believed England should be host for the European football champion-

The Dublin violence was condemned by MPs of all parties and Mr Michael Howard, the home secretary, presented a report on it to the cabinet. Mr Major said the behaviour of a tiny minority of thugs had been "a disgrace and an embar-

Mr Tony Blair, leader of the opposition Labour party, supported him, saying: "These people are not proper football fans. They are criminals and thugs and should be treated as

At yesterday's cabinet meeting, Mr Howard confirmed that NCIS, the national police intelligence service, had passed information about potential troublemakers to the Irish authorities before the game. Sir Patrick Mayhew, Northern Ireland secretary in the Britisb government, said he

would apologise to the Irish

great constitutional implica-

writes. He was trying to defuse

the ministerial row which has

been threatening to tear apart

Mr Major'e ban on public dis-

cussion of the constitutional aspects of a single European currency, issued during a sem lecture on the need for the cab-

inet to present a united front

and cease "speculative debate"

on the European Union, were seen by some senior Conserva-

tives as an indirect rebuke to

Mr Kenneth Clarke, the chan-

the government.

tions, our Political Editor benchers were insistent that writes. He was trying to defuse the cabinet battle on Europe

cellor of the exchequer (chief inance minister).



Cage the vermin factional published (left in Higorov communities of the communities of

That men's report the descape to ner-clearing dispressed nexts.

If will easy be patient if theybeard to humand from touristational feetback.

Dealing one on yield required that my facts again the displacement of the ea-ping of the minimum magnetic yel-dent they are not for the patient of the facts again the minimum magnetic yel-dent if they are to party my relative.

who know no shame THEY are scent who care nathing for sequence or maying other than their own horrish violence.

At Landowne Read last which they did gunch stave than wrent a foother match. They shared their occurry ma-difficulties of the states of the states.

COMMENT

The thugs

Nearly 30 English soccer fans appeared before the Dublin District Court on charges connected with Wednesday night's soccer violence. They all faced charges brought

the power to appoint a new host nation for Euro 96. But it said it would make no statement before receiving a report on the Dublin violence from FIFA, football's world govern-

Mr Major told the cabinet

that an appearance of disunity had been created. Its origin, be

said, was the allegation three

weeks ago that Mr Douglas

Hurd, the foreign secretary, who is pro-European, had been

marginalised by Eurosceptic

ministers at a cabinet meeting

to discuss policy for next year's EU intergovernmental conference. Since then there have been

ters on the merits of a single

nnder the Republic of Ireland's public order law, including assault and causing a breach of the peace. Six of the accused were remanded in under FTFA's jurisdiction. Mr

Shrill chorus: some English newspapers were slightly more strident than usual yesterday

Joso Havelange, the FIFA president, said he thought Rogland should still host Euro 96. "That'e the opinion of the president of FIFA and I'm sure it's

of their responsibilities under Questions of Procedure for

Ministers (QPM) to adhere to

the principle of collective cabi-

net responsibility. The most

important QPM stricture is

that if a minister speaks on a

subject outside the responsibil-

ity of his department, he must

clear the speech or broadcast with the responsible minister.

Some of Mr Clarke's support-

ers saw this as reinforcing his

position, since the chancellor has responsibility for British

policy on monetary union.

Mr Clarke has caused consternation among many Conservatives by his statements that the important criteria for

judging the merits of a single

general secretary, tried to play down speculation that England would he deprived of the chance to host the championships. "I would not over-react in such a situation," Mr Aigner told Reuters Television.

"I think we should keep calm and look at what has actually happened and also appreciate that incidents with English so-called supporters traditionally happen outside England, rather than in England."

Midland Bank and the betting egency Ladbroke to provide services for the competition, and is expecting to sign six more sponsors. Mr Cannon warned that people "might be less willing to link their products with football" after English fans rioted

> Green Flag, the motoring breakdown company and new sponsor of the England team, said it would probably with-draw from its four-year, £4m deal with the FA if Uefa moved the championships from England. Senior executives of Green Flag watched as England fans threw missiles

and fought policemen. The FA'e working budget for the championships is £14m, and it receives about 15 per cent of gate receipts and about authorities. Uefa, football's ing body.

the opinion of FIFA," he said. The British Townist authority fam as its share of TV right European governing body, has The friendly was played Mr Gerhard Afgner, Uefa estimates that next year's as well as sponsorship cash. 54m as its share of TV rights,

# Major tells cabinet to | More than £9m stop squabbling in public lost in fraud Mr John Major, the prime minimister told his issues. His manner was unusually forceful. He prefaced the remarks by saying they were public debate of whether European monetary union has great constitutional implications on Political Editor. The profaced by Mr weight was reinforced by Mr weight was reinforced by Mr Richard Ryder, the chief whip, who said Conservative backbenchers were insistent that at public agencies

lost through fraud cases in the civil service and quangos over the past five years, our Westminster Correspondent writes. Quangos are "quasi-antonomous non-governmental organ-isations" in which members are appointed by government ministers. They are also known as non-departmental public bodies (NDBPs).

In a parliamentary answer to Mr Alan Milburn, a Labour member of the House of Commons public accounts committee, Sir George Young, a junior minister at the Treasury, conceded that the real figure could be considerably higher.

Sir George said: "The data include NDPB staff frauds where these have been reported by departments. However, complete data on frauds

The government has admitted trally." The statistics, which that more than £9m has been did not give a breakdown of the type of frauds involved or the amount involved in each instance, showed that in 1993-94 a total of £1.69m was lost. The overall sum was lower than two previous years, but the number of specific cases was the highest at 352. The five-year total amounts to £9.13m from 1.358 discovered

> Mr Milburn said: "The taxpayer is the innocent victim of madequate financial controls in Whitehall. But these figures are just the tip of the iceberg. Until quangos are made prop-erly accountable the real level of fraud will go unreported. Farming out services to agencies and quangos has put pub-lic money at risk." He said be would demand tougher official monitoring and auditing of

frauds.

#### autumn 1993, and only 22 per cent of those aged between 20 and 24. Unionisation rates for young people fell by 7 per cent compared with a drop of 3 per cent to 5 per cent among the over-The TUC estimates that only a quarter of those under 20 are employed in workplaces where

unions are recognised by employers for bargaining purposes. On average, 49 per cent of all employees work in recognised workplaces.
The TUC says: "The worsening labour market position of young people is clearly a major factor [in declining membership], including the shift to part-time work and the

greater marginalisation of young people in the labour market into insecure and low-paid jobs in private services and smaller workplaces where unions are less well established." The report also points out that the number in the

employed workforce under 25 dropped by 22 per cent between 1990 and 1993 while there was a 9 per cent decline under-25 age group.
Other reasons for the decline in union membership include

the rise in the number of young people in higher educa-tion, as well as the increase in unemployment among the under-25s, the TUC says. It also points out many of the "traditional entry routes" into the unions through apprentice-

ships have gone.
The report also shows that only 23 per cent of employees in the private sector in 1993 were in unions, compared with 63 per cent in the public sector. Thirty-one per cent of all those in work belonged to

as an alternative to Pool Re, the government-backed reinsurance company. The brokers, which include Willis Corrooo and Sedewick, say the new policies will offer cost savings.

ronmental services company, company, said: "If other Euro-

#### finance minister). Senior Conservatives said last night that Mr Major had last night that Mr Major had succeeded in engineering a temporary ceasefire" in the Jonathan Aitken, chief secrecurrency are economic rather in NDPBs are not held cen-Tycoons wary of single EU currency

By By Peter Marsh and David Wighton

Many of Britain's top business executives feel sceptical or hos-tile to the idea of the country joming a single currency bloc across the European Union by the end of the century. The result of a Financial Times survey may surprise those who believe that, while politicians may argue about the merits of benefits would be negligible economic and monetary union (Emu). British business broadly favours a common currency and a single EU central

bank.
Most industrialists think the UK will benefit from close eco-nomic and political EU links, but few believe joining Euro-pean economic and monetary union by 1999 should be a priority. These are the main con-clusions of Financial Times interviews with senior executives from 21 leading UK companies. Only six were keen for Britain to join Emu under the Maastricht treaty schedule; the others voiced varying degrees of opposition or scepticism.

Several of those interviewed think the UK economy might suffer if Britain stayed outside a European economic union egreed by other countries culte if economies run at the area of economic policy to a early, and there are doubts

any benefits would be offset by the political disadvantages of handing control of vital ele-ments of economic policy to e pan-European bureaucracy. Lord Weinstock, chief execu-

tive of GEC, the electricals group, said: A single European currency would remove some inconveniences for the business community, but the compared with the risks

#### FT survey of opinion among leading industrialists

involved. In my view, an Emu would be a decisive step towards [European] political union if other countries went ahead with Emn without Britain, I cannot see this making much difference to a com-pany like GBC."

Mr Roger Leverton, chief executive of Pilkington, the glassmaker, said: The single

Among leading Emu enthusi- chairman of the Argyll superasts was Mr Sipko Huismans, market group, said: "Td like to

chief executive of Courtaulds, the chemical company. He said a single currency would reduce and increase investment. "It would be a grey day if Britain didn't join in with other counglobal economy, Britain lost control some time ago of its ability to control the money supply and set interest rates."
Also in favour of an early

move to economic union, on the grounds that it would lead to long-term reductions in inflation and borrowing rates across Europe, was Sir John Banham, chairman of the Tarmac construction company. "Id be in favour of any steps that constitute an external discipline on the ability of the Treasury, Bank of England and UK politicians to mess things up," he said. "I would not lie awake for one moment worrying about the sovereignty of parliament. They are the peo-ple who have presided over

disaster after disaster.

better before we entered Emu. costs, ease economic planning. If we can't manage the common agricultural policy, how are we going to manage a common currency and single centries in Emu. In an integrated tral bank which are much more fundamental?" Mr Rod Sellers, chief executive of plastics maker British Vita, said: "I don't see a grass roots desire for e common cur-

rency among our continental competitors. It might involve a

layer of bureaucracy which

see some of the existing Euro-pean Union policies working

would be stultifying and offset the advantages of price stabil-Others were broadly in favour of a common currency, but believed the economies of different European countries were unlikely to have moved close enough for economic union by the end of the cantury as set out in the Maastricht treaty.

Mr Andrew Buxton, chairman of Barclays Bank, said: "I am quite sure that 1997 (which executive of Phikhington, the glassmaker, said: The single glassmaker, said: The single currency is a good idea in principle currency in a good idea in principle currency is a good idea in principle currency in a good idea in principle currency is a good idea in principle currency in a good idea in principle currency is a good idea in principle currency in a good idea in principle currency is a good idea in principle currency in a good idea in principle currency is a good idea in principle currency in a good idea in principle currency is a good idea in principle currency in a good idea in princip

around 1999, but many believe same rate. The problem is that group dominated by non-UK over 1999 too." Mr Martin interests. Sir Alistair Grant, Clark, finance director of Clark, finance director of Northern Foods, said the Maastricht timescale looked "a bit tight" while Mr Michael Hart-nall, finance director of Bowater, the paper and packaging group, said: "It's pie in the sky to say we could throw the switch and be ready for it in 1999." Mr Kent Atkinson, chief

financial officer at Lloyds Bank, said the UK would have more problems than most European nations in joining e currency union. "Britain is an island and is used to be being king of the castle. A lot of people would be very rehictant to give up the pound."

In contrast, Sir Patrick Sheehy, chairman of BAT Industries, the tobacco and insurance group - and a confirmed Emu supporter - would welcome the demise of sterling. "Pd rather be paid in a [single Suropean] currency that has more stable characteristics than the pound has had during the 45 years I've been employed."

For a large group of Emu sceptics, the main worries related to the economic strains that could be triggered by different countries being bound







Huismans: "grey day" if UK stays out; Buxton: "1999 too early"; Weinstock: "benefits oegligible"

by a single pan-European interest rate while managing their taxation and public spending policies according to widely differing criteria.

Mr David Verey, chairman of Lazard Brothers, the merchant bank, said it would be "lunatic" to have e pan-European monetary policy before proper consideration of these ques-

Some of the other doubters thought policymakers had not taken enough account of les-sons from Britain's forced exit from the European exchange rate mechanism in 1992. Mr Derek Stevens, chief financial officer at British Airways, said: "If we entered Emn in a hurry, it could be extremely damag-ing. We should remember the ERM when we joined at com-

executive of Rentokil, the envi-

ERM was that the Bundesbank acted as a German bank, It is very important, if a single currency is to work, that the European central bank acts as a European bank." Among the Emu enthusiasts, Mr David Simon, chief execu-

tive of British Petroleum, would be concerned if a fairly large core of countries went ahead with Emu in 1999 leaving Britain out. "Britain should be involved right at the start so we can play a full part in designing the mechanics of how the system will operate." Sir Colin Southgate, chairman of Thorn EMI, said international companies would

"think twice" about the UK as a base for the EU if it was not pletely the wrong time."

in the inner core, while Mr Pat

Mr Clive Thompson, chief

Dyer, chief executive of BOC group, the industrial gases

said: "The problem with the pean countries went ahead with EMU without Britain, I'd wonder long-term about bow the British economy was going to work out." These fears were dismissed

by Mr Roger Sainsbury, corporate development director at the John Mowlem construction company, "It wouldn't be a disaster if Britain stayed out." he said. "The purely domestic aspects to economic management are more important than whether we form part of a currency union."

Mr Phil Cox, finance director at Asda, the supermarket group, said: "We need to be linked to the rest of Europe but it does not do any harm to have a stand-offish approach [on European policies]. So far Britain seems to have done reasonably well by being rea.

#### JOBS: People management could be at the centre of a City crisis

# Reviving the spirit of Siegmund Warburg

one short statement which could prove instructive for other

company managements.

It was a statement that might have been viewed cynically had it not been for the track record and packground of the man to whom it is attributed - and the fact that rarely in the circumstances in which it was spoken do people tend

When Maurice Thompson, the 36year-old co-head of Warburg's equity capital markets, announced his resignation last week he said: "I'm not doing it for the money."

Cynics would point immediately to the £6.4m combined salary package rumoured to have been paid to Thompson and Michael Cohrs, the other co-head, by Morgan Grenfall. Not quite enough to beat Manchester United's record signing, but still

Not until managers digest Thompsoo's words, however, and accept them as genuine, can they begin to analyse what must be achieved at Warburg and any other company facing similar problems.

Sir Siegmund Warburg would

n the midst of the present crisis have wept at the loss. Thompson at S.G. Warburg, there has been seemed to have many of the qualities that Warburg strove to develop in his executives, although it has been suggested that he and Cohrs would have enjoyed less prominence under the old regime

Siegmund Warburg spent much of his time building a team of youthful recruits. He even took time himself to tutor younger staff. The result was that by 1965 nearly half of his directors were under 45 and four of these were in their 30s. Warburg rejected the idea of perpetuating a dynasty in favour of a meritocracy.

The track record of Thompson suggests that loyalty had not com-pletely disappeared. He joined the company as a graduate 15 years ago and worked his way up. Much of the old team spirit, however, seems to have deserted the company. So what went wrong?

First its merger talks with Morgan Stanley foundered. Then, was forced to lay off 180 traders and virtually pull out of the interna-tional bond market.

At about the same time it suffered the break up of its highly reted media team when three of its four

don, the stockbroker. According to City recruiters, there was dissatisfaction in the team about the disciplining of a junior employee who had been criticising management when outside the company. Members of the team were said to have heen shocked at what was seen as a mangement witch hunt to find the

The recruiter said: "That is the sort of thing that managements do when they are losing control."

Thompson and Cohrs, are displaying traits recognised in a number of recent executive departures in US companies, including Texas Instru-ments, Kodak and Goldman Sachs. Rising stars of all three businesses have recently left to set up or head new or expanding competitors. The size of their salaries, appear-

ently, has been less important than the opportunity to develop a prom-ising business as opposed to shrinking or restructuring the empires they have left behind.

Their motives could be simply dismissed as reflecting a desire to be a bigger fish in a smaller pool, but there seems to be other reasons behind the moves. One problem

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members moved to Panmure Gor- with rationalisation programme typical of shrinking companies is the impact they have on loyalty.

Loyalty in the dealing rooms lies more with the team than with the employer - just as it does with groups working in any pressured environment. Little wonder, then that one defection often leads to a whole team changing sides.

Another feature of loyalty, if it is to bond employees to a busin that it must work both ways. The investment banks, however, have often been both too slow and unimaginative in tackling soma of the employment issues created by their business. Where they have worked at retaining loyalty, it has often been in the design of reward packages. Pressure of work, long hours, difficult working conditions all seem to be ailments treated with the same crude remedy: large amounts of money, applied at fre-

quent intervals. According to one trader, some of the Warburg employees were working from eight in the morning until

What the banks have conspicuously failed to recognise is that while money remains a marvellous

<del></del>		<del></del> -		OFTY OF	LONDON	FINA	NCE
SALARIES, BOR	ISES AND	CAR ALLO	MVNCE2 IL		L Avme I	Ca	allowance
	Lower	Median	upper	Average salary	bonus	%	Avge arrown
Position	Quartile	salary	quartile	Salary	96	with	£ a year
	£	£	£	440	69.7	87	8,113
Corporate finance head	90,000	102,000	120,175	108,413	117.8	60	9,200
Capital markets head	127,500	146,250	166,000	146,750	35.9	71	10,416
Bond sales head	85,000	95,000	106,250	96,643	27.7	67	8,275
Fund management director	108,500	125,811	155,000	129,104	73.2	85	7,161
Eurobond trading head	86,042	100,000	125,000	102,523	76.1	40	7.456
Equity trading head	85,164	110,000	. 150,000	110,000		71	7.447
Private banking head	74,301 -	91,000	95,000	87,320	3.8	50	7.609
Head of research	82,500	95,750	110,000	101,768	40.6	53	8,075
Financial director	64,100	78.900	100,000	89,092	34.4	44	5,136
Chief tx dealer.	66,509	79,750	90,430	78,795	43.0	87	8,900
Personnel director	57,700	68,000	80,000	66,395	31.5	90	6,872
Legal services head	52,750	85,000	70,268	64,663	42.3	51	5,757
Money markets head	57,000	64,050	70,000	69,044	30.5	81	6,780
Dataprocessing Director	56,948	67,000	73,500	67,384	25.3	35	5,010
Credit manager	36,036	41,550	45,501	40,729	8.2	19	4,831
Customer services head	26,430	30,000	38,000	31,851_	7.5	- 15	-,,50

Source: Day Associates, Suite 2.31, 75 Whitechapei Rd, London E1 10U tel (0)71 375 1397, fex (0)71 975 172 tonic it is not necessarily a prime motivation for the type of individu-als sucked into these business. If may be that the transient nature of the securities industry makes it dif-ficult to bind-in expertise. "Every-J.P. Morgan but it isn't easy to do," said one City management consultant. The answer seems to be in the way the organisation is led. If some of Sir Siegmund Warburg's manage-ment style could be revived it may

help to bring the bank back on Some of Warburg's problems are by no means unique. Clear-outs and

departures are a hallmark of the industry. There can be, however, a human cost in this environment which employers should address. If people have complaints about management, then they should be heard. A little upward appraisal can

be a salutary experience. Sir David Scholey's challenge will be to restore not only some equilibrium to the company, but to rekin-dle some of the spirit of Siegmund Warburg in order to keep its talented people on board.

• The above table has been con piled from the latest Day Associ-ates' quarterly survey of pay and benefits covering 315 jobs in 131 banks and finance houses. The first three columns show average basic salaries for various rankings in the same type of job. The next shows average basic salary, then bonus paid as a percentage. The last two columns indicate the percentage of people with car allowances and the

in and Luro

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### Treasurer - International Media Company

We are a leading international private company looking for a hands-on treasury manager based in our Amsterdam Central office.

The role requires an all-rounder who will manage the currency holdings, bank relations, external financing, loan facilities, interest rate risk management, loan documentation and do the hands-on basic work which will make the treasury role successful. As a cash based business we are looking for a risk manager who is prepared to knuckle down to cash reporting and forecasting procedures for the group and develop this function into a timely, sophisticated management tool, producing reports with analysis and recommendations attached upon which immediate, informed management decisions can be made.

The company is dynamic and successful and has operations in over thirty countries each doing business in the local currency so there is a need for constant attention to currency balances and exposures in the currency markets.

The Treasurer will report to the Chief Financial Officer and will liaise with and make presentations to the Chairman. The Treasurer will be based in Amsterdam at the centre of the international business with support from the Group Finance operation. He or she will be responsible for both the custodial functions relating to income generated and the risk espect in respect of value added through informed investment, together with the opportunity to direct growth through cash management.

We are looking for someone with international experience, with an accounting background, having spent at least 2 years in a similar role in a corporate environment, familiar with the requirements of a growing cash-based business. For someone with energy and vision this role gives the right candidate an opportunity to independently develop a treasury function which will show palpable results in the strengthening of the cash available, internal and external, for growth.

Please write with CV and photo to: Box A5111, Financial Times, One Southwark Bridge, London SE1 9HL, giving reasons why you are suited to this role.

#### Kapitalanlagegesellschaft

Unser Auftraggeber zählt zu den etablierten Kapitalanlagegesellschaften. Verwaltet werden vorwiegend Wertpapier-Spezialfonds für Versicherer, Pensionskassen und Industrieunternehmen. Das Asset Management für ausländische institutionelle Anleger wird stark ausgebaut werden. Sitz der Gesellschaft ist Frankfurt am Main. Zur Ergänzung des qualifizierten Teams wird der im Umgang mit anspruchsvolleo Anlegern erfahreoe

#### **PORTFOLIO-MANAGER**

gesucht. Besooderer Wert wird auf Kenntnisse der enropäischen Aktienmärkten gelegt (Benelux, Frankreich, Südeuropa). Für diese Märkte sind eigenverantwortlich Anlagestrategien zu entwickeln und auch umzusetzen. Um diesem Anspruch entsprechen zu können, sind daher mehrjährige Erfahrungen im Portfolio-Management auf der Basis einer wirtschaftswissenschaftlichen Ausbildung Voraussetzung. Darüber hinaus sollten mathematische Kenntnisse der zeitgemäßen Analyse-Methoden gegebeo sein. Profilierteo Praktikern, die sich in ihrer mehrjährigen beruflichen Tätigkeit ein fundiertes uod souveränes Wissen erworben baben, werdeo jedoch die gleichen Chancen eingeräumt. Sehr gute Sprachkenntnisse sind Bedingung. Vorteilhaft wäre, wenn sich diese nicht our auf die deutsche und englische Sprache erstrecken. Die Positioo ist der Bedeutung entsprechend ausgestattet. Für eine erste vertrauliche Kontaktaufnahme steht Ihnen Herr Immo Bosse unter der Telefon-Nummer 0 69 //0 90 03 zur Verfügung. Ihre schriftliche Bewerbung erbittet er mit den üblichen Unterlagen an unser Büro, Zeppelinallee 42, 60487 Frankfurt am Main. Wir verbärgen uns für die Einhaltung absolnter Diskretion. Sperrvermerke werden sorgfältig beachtet.

#### IMMO BOSSE UND PARTNER

Unternehmens- und Personalberatung GmbH

#### PARIS... LONDON... ROME... BRUSSELS...

We are an international group situated in more than 50 countries and specialised in selling business to business services.

The world leader in our morket, with over \$4 billion dollars combined systemwide revenue, we will achieve considerable development in the coming five years. In light of this development wa will reinforce our financial positions and ore looking for:

# Chief Financial Officers for a number of our European subsidiaries.

In this senior executive position you are responsible in your country for all Finance and Accountancy, Taxation and Legal, Control of Budgets, Treasury and Operational Audit. Reporting directly to the Group CFO, you will lead at national level, with your outstandig leadership qualities a vitally important financial team.

With a university degree in finance and accountancy, you have at least ten years experience in a related field and thrive in a multicultural environment. You are now ready for a demanding, career enhancing key position which will allow you to fully use your excellent technical skills along with your strategical and analytical ability. Based in one of the above capital cities you speak English and French, while for Rome Italian is necessary.

Please write your opplication to include a complete curriculum vitae and your compensation expectations and forward it to A.L CONSEL, 39 rue d'Amsterdam 75008 PARIS with Ref. 510.FT

#### A.L conseil

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#### **European Equities**

Dillon, Read Securities Limited is a broker in European equities. Over the last eight years we have gained a reputation for consistently high quality, research-led broking in five European markets — Belgium, France, Ireland, Portugal and Spain.

We operate as specialist, country teams, typically of 2-3 people, which function as entrepreneurial business units and are responsible for producing and marketing their own research. The teams provide service directly to leading institutional investors in the UK, USA and Continental Europe. The validity of this approach has been confirmed by our improving profitability and our increasing success in various broker

Our business in both the French and Irish markets has expanded in the past year and we are now seeking an additional person for each of these teams. We also want to add a team in at least one other major European market. We offer a congenial working environment in the West End and market. We offer a congenial working environment in the West End and freedom from the extraneous distractions of the large organisation. The freedom package combines an attractive base salary with a bonus scheme directly related to performance.

If this sounds attractive, why not come and talk to us? We are interested to hear from individuals or established teams. You should be able to demonstrate a proven ability in your market and, ideally, have an established client base.

In the first instance, please write to Christopher Honnor, Chairman at:

# Dillon, Read Securities Limited

12 St. James's Square, London SWIY 4LB

12 St. James's Square, Loudon Stock Exchange)
(A member of the Securities and Futures Authority and the London Stock Exchange)

#### APPOINTMENTS WANTED

### TOP-MANAGER

Ph.D. in economics; national of Austria; age 29; actually managing director of a 100-employees-company in Austria; very successful work history; entrepreneurial and competitive individual; fluent in 4 languages (Spanish, English, German, French); outstanding business development and communication skills; more than 10 years international experience and sound knowledge in economic stratecation skills; more than 10 years international experience and sound knowledge in economic stratecation skills; more than 10 years international experience combined with strong organisational and leadership abilities as well as perinternational experience combined with strong organisational and leadership abilities as well as perinternational experience combined with strong organisational and leadership abilities as well as perinternational experience combined with strong organisational and leadership abilities as well as perinternational experience combined with strong organisational and leadership abilities as well as perinternational experience combined with strong organisational and leadership abilities as well as perinternational experience combined with strong organisational and leadership abilities as well as perinternational experience combined with strong organisational and leadership abilities as well as perinternational experience combined with strong organisations.

Looking for an absolutely challenging executive position in Western Europe or overseas. Relocation Looking for an absolutely challenging executive position in Western Europe or overseas. Relocation to Mrs. Erna Hilber, Asupport required. Please reply in confidence with appropriate information to Mrs. Erna Hilber, Asupport required. Please reply in confidence with appropriate information to Mrs. Erna Hilber, Asupport required. Austria, who will make the first contact, or else send a fax to ++57-4-2687008 (Medellin, Colombia). Immediate phone call guaranteed.

#### INTERNATIONAL TELECOMMUNICATION

BelCom is a leading provider of telecommunications in the CRS. We are seeking candidates for the positions below in our Moscow, London and Almaty, Kazakhstan sules offices. We favor candidates with Russian speaking ability. Attractive salary and bonus scheme officed.

PINANCIAL DIRECTOR (Razelesten)
Primary role will be to make financial and commercial
contribution as a key member of the management team.
The position encompasses responsibility for the
accounting function, providing the business with kinety
and accurate management information. Minimum 5
years experience in a telecommunications environment

DIRECTOR PROGRAM MANAGEMENT [Kazaktstan]
Overseer of post project sale including continuou roview and evolucition of project's progress. Supervise personnel and budget including development or necessary documentation and date for Financial Director.

SALES MANAGER [Kezekheten]
Experienced sales manager with proven track record both in sales and sales manager with proven track record both in sales and sales management to develop target markets and sales. In Individual will have minimum 5 years experience in international telecom sales. In addition, successful candidate will have proven sales management skill in molivating and guiding multi-national sales stell through complex systems sales. Sales manager will also be responsible for developing and implementing seles tracking and reporting tools. Communications sales experience, excellent interpersonal skills and good team spirit are musts.

SALES PERSONS [Moscow, Kazakhstan & London]
Experienced sales person with a successful, progressive
track record to cultivate target markets for international
communications services. Candidate must have strong
presentation and writing skills, demonstrated ability to
identify decision makers, define customer requirements
and close the deel. Minimum 5 years sales experience
in the telecom industry a must.

If you are applying from the CIS, please fix a comprehensive CVIo the Human Resources Department at BelCom's Moscow office at 7-035-929-98-58.

If you are applying from London/Europe, please fax comprehensive CV to the Human Resources Department at BelCom's NY office 1-212-755-0864. Londo interviews will be held during late-February.

#### BELCOM

# FUND RESEARCH LTD

Fund Research is the leading independent research company providing definitive qualitative analysis on collective investment funds to clients globally. It is currently expanding its research team and seeks candidates with an analytical, enquiring mind, who are well organised and have the self-confidence to interview the best investment managers throughout the world. Writing skills and a knowledge of investments are imperative and experience in the fund management industry an advantage.

Fund Research offers participation in a privately owned business, the opportunity to travel and involvement in a company that is growing rapidly, developing new products and services.

Please apply in confidence with curriculum vitae to:
Anne White, Fund Research Limited, 1 Frederick's Place,
London EC2R 8HX.

#### Forex Foundation Diploma

DFC Training Group congratulates our successful Diploma candidates.

We are very pleased to be able to announce that 56% of our candidates passed the December assumination, against the average of 40%, and that our candidates took all

DPC Group is also pleased to amounts that it has been re-accordated by Forex Education to run the next Diploma evening class programme (two evenings a week from 14 March) and to launch the new one-day-e-week programme (seven Mondays from 27 March).

ioen 27 March). Details from OPC (44-1797-224446) or Forex Education (44-171-626-4077)

# Bloomberg

# Financial Markets Specialists

"Use your markets knowledge and communication skills in a front-line role"

This is an opportunity for investment professionals to change career direction whilst staying at the forefront of the financial markets.

Bloomberg is a highly successful supplier of sophisticated screen based

news, information and decision support services.

The company has enjoyed dramatic growth worldwide and has a

substantial European operation based in London.

Expansion of the business has created opportunities for financial markets specialists with experience gained in either sales, trading or fund management to play key roles in the company.

You will be responsible for communicating the complexity of the Bloomberg and its capabilities to existing and potential users in the UK & Europe, whilst playing an active role in advising on enhancements and developments often in liaison with our New York office.

Candidates should have at least five years experience in the financial markets and in-depth understanding of financial instruments, particularly any one or more of the following: Equities, Fixed Iocome, Interest Rate Swaps or Fotures and Options. Communication is a key element of the role and you should be comfortable in presentation/demonstration situations. Candidates must be willing to travel and fluency in European languages is desirable.

This is an opportunity to join a world leading company in a highly

Salary is negotiable according to experience.

Apply to The Freshman Consultancy during office hours on 071-721 7361 or send your CV by post or fax quoting reference FT/AP/2.

#### FRESHMAN

The Freshman Consultancy, Coppergate House, 16 Brune Street, London E1 7NJ Telephone: 071-721 7361 Facsimile: 071-721 7362

# Fund Management Manchester based

Henry Cooke, Lumsden plc is one of the UK's leading independent securities houses and wishes to make the following appointments.

#### Assistant Fund Manager/Strategist

The successful candidate will join a team which is responsible for the formulation of group investment policy. Liaising closely with the fund management team, the ideal candidate will play a key role in the continuing success of the Group's investment strategy, and will have specific involvement in the management of our in-house collective funds.

Candidates should be educated to degree level, with at least three years' experience in an equity-based environment. First-class written and verbal communication skills are essential.

#### Private Client Portfolio Managers

The private client department has recently expanded its operations and wishes to recruit suitably registered teams or individuals, together with their existing clients. Backed up by first-class administration and a comprehensive range of services, successful applicants will be able to offer their clients the advantages of operating in a professional team environment. Outgoing personalities are preferred and membership of the Securities Institute is desirable.

All positions will be accompanied by competitive remuneration packages. Applicants should write in confidence to Edward Geraghty at One King Street, Manchester M2 6AW.

HENRY COOKE, LUMSDEN ple

A MEMBER OF THE LONDON STOCK EXCHANGE AND THE SECURITIES AND FUTURES AUTHORITY

# selbco

### Capital Markets Limited INTERNATIONAL BOND SALES

We are seeking to employ additional salespeople to join a highly successful team of Capital Market Specialists operating within the International Bond Markets.

It is essential that Candidates have good customer relationships and a proven track record in Bond Sales to UK or Overseas Investment Institutions.

Salary negotiable.

Candidates that meet these requirements should send a detailed curriculum vitae to:

Alan Weatherlev - Director,
478/480 Salisbury House, London Wall, London EC2M 5QQ
All replies will be treated in the strictest confidence.
Members of the Securities and Futures Authority Limited
The London Stock Exchange and The International Securities Markets Associate

### DERIVATIVES MARKETING

&HIGHLY NEGOTIABLE, LONDON BASED

Rare opportunity for exceptional marketers to join an expanding, highly rated Global Derivatives Group.

We have been retained by a highly respected derivatives group with strong parentage and credit rating. Already established in core derivative markets, they are expanding into new product areas utilising state of the art technology and their strong market reputation. As part of their growth strategy, they are seeking to expand the Global Derivates Marketing Group in a number of different customer, product and geographical areas.

Our client is interested in meeting experienced marketers with established customer relationships amongst market professionals and corporate users of asset and/or liability management products. Geographically, they are interested in making further inroads into continental Europe, the USA and Asia. Marketers with at least two years experience servicing customers in these regions are of particular interest. Strong technical ability and a thorough understanding of derivatives applications is essential. Languages, whilst preferable, are not essential.

For a confidential, initial discussion on these opportunities, please contact Michael Brennan or Mathew Rowlands on 0171 242 9000 or outside of office hours on 0973 391426. Alternatively, write to Alexanders, Mann & Partners, Alexander House, 9-11 Fulwood Place, London WC1V 6HG. Fax No:

ALEXANDERS, MANN & PARTNERS

SEARCH . SELECTION

# Controller/F&A Manager

The Business Unit Philips Automotive Playback Modules, with main office in Wetzlar, Germany, produces high quality products for the automotive industry worldwide.

Apart from a competence and production centre in Germany. facilities in Hungary, Mexico and Malaysia as well as sales offices in Europe, the US, Latin America and the Far East.

Sales are for 45 % in the US, 40% in Western Europe and the nainder in other countries.

For this Business Unit we are looking for a Controller / F&A Manager

As a member of the international management team, this manager will have the responsibility for the following activities:

General Controlling Evaluation business opportunities

F&A for all international activities Asset management

We are looking for a personality with International experience, who sees the global entrepreneurial responsibilities as a challenge.

You are the right candidate, when you have experience in an international - preferably US- company with an MBA-background. If you think you are the right man for this challenging job then please contact:

Automotive Playback Modules Personal- und Sozialwesen, Herm Henkel Philipsstraße 1, D-35576 Wetzlar



PHILIPS

# Capital Markets Credit Risk

#### London

Our client is a leading European Bank, with a truly international Capital Markets operation. It provides a full and innovative range of products and services to a prestigious client base worldwide. These include currency and interest rate swaps and options, fixed income and equity derivative products and specialised financial instruments.

There now exists a senior level position within the Capital Markets Credit Department. This area conducts, monitors and controls the entire credit and risk management process for all capital markets transactions.

Key responsibilities of the role include:

- meeting and evaluating potential counterparties in close co-operation with the marketing desk;
- conducting analysis on a financial, country and product basis;

£ Excellent analysis and presentation of risk to credit committees

 assisting with training and development of junior team The successful individual, ideally aged mid 30's, will have a rigourous approach to credit risk management and possess a

good understanding of capital markets products and activities. The seniority of the rule demands confidence and maturity combined with strong communication skills. This is a superb opportunity to join a bank renowned for excellence. The salary package will reflect the importance attached to the position and will entirely reflect experience.

Interested candidates should contact Tim Smith on 0171 831 2000 or write to him enclosing a full curriculum vitae at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Fax: 0171 405 9649.

Michael Page City

# Mutual Fund Sales Role

Fluent German

UK Merchant Bank

Our client, the asset management subsidiary of a leading merchant bank, is highly regarded for its consistently strong investment performance record. Mutual funds under management now stand at £3 billion. A new opportunity has been created for a talented linguist and sales specialist to market a range of mutual funds in Germany and Scandinavia

Based in London, you will be responsible for selling the company's range of mutual funds to professional investors primarily in Germany and Scandinavia. Your role will involve the provision of a top quality service to new and existing clients in particular making presentations to groups of advisers and their clients as well as new business

It is essential that you are fluent in German and willing to travel frequently. You have an in-depth knowledge of investment markets in addition to a successful sales record. You are aged between 28 - 45, a confident public speaker, highly ambitious, career orientated and most likely to be based in London.

An attractive remuneration package including a competitive basic salary, bonus and Banking benefits will be offered to the successful candidate. To apply please write enclosing your cv, (explaining in detail your investment sales record and current salary package), quoting reference 1088 to Fiona Law at FLA Ltd, 211 Piccadilly London WIV 9LD. Tel: 0171-738 9732.



#### FUND MANAGER INTERNATIONAL FIXED INCOME Competitive Salary plus Benefits

MURRAY

JOHNSTONE

urray Johnstone, one of Scotland's leading investment management companies, seeks an additional member for its international fixed income team. Funds under management in this area are approximately US\$1billion, with increasing opportunities for further expansion from an international base of

Ideally, candidates, aged around 27, should be educated to degree level, with 3-4 years' experience in an active fixed income environment. Experience of managing currency hedged portfolios would be particularly advantageous and a strong

quantitative background is mandatory. As well as managing portfolios, the successful candidate will participate in the development of Investment strategy and be involved in making presentations to existing and potential clients. Good communicative skills are therefore essential.

If you are interested in this exciting and challenging role, please write, giving relevant personal and job details to: Mrs Anne Blair, Personnel Adviser, Murray Johnstone Limited, 7 West Nile Street, Glasgow G1 2PX.

A member of IMRO.

# (Project Finance)

The World Bank, the leading multilateral lending agency in the field of global economic development, seeks a French speaking Private Sector Development Specialist in Project The position requires:

An advance degree in Finance, Economics and/or

· Prency is French

 A minimum of seven years work experience in privatizing and restructuring of large scale enterprises, such as utilities, including extensive experience with the financial aspects of privatization projects

Confidential applications with detailed curriculum vitae, indicating advertisement Code PSF, should be faxed to: (202) 477-1831, or mailed to: The World Bank. Recruitment Division, PSF Adv. 1818 H Street, N.W., Room 0-4158, Washington, D.C., 20433, USA, within 14 days.



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#### 1. D<u>. E.</u> A. FOREX STRATEGIST

LD.E.A. the premier on line analytical service seeks a Forex Strategist to join its global research team in London. The ideal candidate should have experience of analysing foreign exchange markets and be comfortable working in a fast paced environment. A strong economics background is preferred. Responsibilities include formulating currency strategies in conjunction with our team of chart analysts/economists, with an emphasis toward European currencies. Our written commentaries are distributed to our worldwide client base of 1500 institutions. Widespread client and media coverage are also encom-

In exchange a competitive compensation package is offered.

Please forward your CV to Mike Gallagher at IDEA Ltd. Lincoln House, 296 High Holborn, London WC1V 7JH or phone 071 430 2888.

#### BANKING WITH LANGUAGES ACCOUNT OFFICER - FLUENT BUSSIAN C 290K + Pkg Private bank seeks individual with min. 2-3 yrs banking exp. - ideal-ly in Invest. Mgt. English m/t preferred. SENIOR CREDIT ANALYST - FLUENT STALIAN & 235k + Pkg MARKETING OFFICIER - CORPORATE BANKING - GREMAN

Must have excellent origination and deal completion record in a partia ular industry eg. Film/Property Financing. Min 10 yrs exp. reqd. CREDIT ANALYST - FLUENT GERMAN c 230k + Plag Min. 2 yrs relevant exp. req'd.

ACCOUNT OFFICER - SOUTH AFRICA & MIL + Pkg Previous banking exp. in S. Africa is req'd to join Private Banking Division of City Bank.

ACCOUNT OFFICER - FLUENT MANDARINGANTONESE c 2004 + Pag Min. 2 yrs banking exp. req'd.

Please call Euro London Appoints Hare Place, 47 Fleet Street, Londo Tel: 0171 588 0180 . Fas:: 0171 353 9849

# RESULTS OF

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# PROJECT FINANCE

**DIRECTOR -**

The Capita Group Plc is one of the fastest growing listed groups servicing a range of blue chip public and private

As part of the planned expansion of our Corporate Finance subsidiary we require a director to develop further our project finance service, especially to the Public

You are probably aged early to mid 30's with a minimum of 5 years project finance experience.

You must also have excellent negotiating, analytical, interpersonal and communication skills with the ability to accurately assess risk.

Please send your CV with details of your present package to Ian Smith, Managing Director, Capita Corporate Finance Limited, 71 Victoria Street, Westminster, London SWIH OXA.

**CAPITA** 

#### APPOINTMENTS WANTED

GENERAL MANAGER

CANTELLA & CO., INC. has openings in New York and Paris experienced, Eurobon is, Trading and Brokerag alizing in Fixe canodion/German sould new wonow to opportunity. 18 years P & L 19800 Income and Emerging Market Eurobonds. Please fax resume Call USA 212-513-7028 nic, 47 years of age.

#### INVEST IN **EXPERTISE:**

Hire a Shipping Specialist.

With more than ten years of experience in vovage analytical accounting systems and thoroughly familiar with computer technology inherent in this highly Swiss executive of Greek origin is currently available for employment.

Whether you want to create or develop your shipping department in Switzerland. or simply hire a talented professional who works independently and prepares complete reports per vessel. voyage and year, please write to Box 132-766'158, Publicitas Léman, 1002 Lausanne, Switzerland.

INTERNATIONAL FUND NEEDS INVESTMENT BANKERS to deal with high net worth indentasts, benks, incurance oo, and funds. Desting compensation and benefits. Must have 10 yes experience. Fax resume New York 212-758 8137.

#### Division to the second COMMODITY

JAN SUNCE COMPANY

FINANCIAL

**OFFICER** The successful candidate will have a minimum of 2 years work experience in a bank as an Account Officer, preferably involved in commodities trade

finance or a Junior Account Officer. However, candidacies of bankers with experience in corporate banking or strucured financing are welcome. The role trivolves liaison involved in trade-related tions, within and cutside the Company. In addition to banking experience, good commu-nication and organisational skills are essential. The candidate should be comfortable in structuring transactions inde-pendently and be prepared to travel abroad on a regular

Fluency in Spanish would be en advantage. Preferred age range: 24 to

> Write to: Box A5115, Financial Times, One Southwark Bridge, London SE1 9HL



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#### **ACCOUNTANCY APPOINTMENTS**

# **Business & Technology Education Council**

# Finance Director

c.£60,000

London

Key appointment, reflecting the need for business management skills following the recent change of BTEC to a commercial, self-financing status.

- Produces a wide range of vocational education and training qualifications. Over 300,000 student registrations.

  Operates in a rapidly changing and highly competitive
- Annual revenue £21m, 260 employees, 1500 specialist part-time advisers. Company limited by guarantee. THE POSITION Responsible to Chief Executive for financial reporting and
- control and for information systems. Manage a department of
- sent action generates adequate surpluses for

 Contribute in the formulation of strategic business plans, providing analytical frameworks for scenario planning and ment of cisits and opportunities. THE INDIVIDUAL

- Graduate, qualified accountant, possibly MRA. Management experience gained in major organisations with sophisticated
- ◆ Technically strong, with experience including management accounting and IT systems development.
- nmercially aware with wide experience of implementing product profitability improven
- Supportive and open management style. Experience of empowering line managers with financial responsibility.

Please send full cv, stating salary, ref PP0582, to NBS, 54 Jermyn Street, London SW IY 6LX





LONDON 0171 493 6392 Aberdom 01224 638080 • Birmingham 0121 223 4556
Bristol 0117 929 1142 • Edinburgh 0131 220 2400
Glasgow 0141 204 4334 • Leads 0113 245 3830
Manchester 01625 539953 • Slaush 01751 410000 ter 01625 539953 • Slough 01753 819227

# Finance & Operations Director

A unique equity participation opportunity

£50,000 + Car + Bonus + Benefits

Our client is a fast growing IT distributor, with unique configuration and assembly skills selling integrated solutions into vertical markets. Enjoying excellent franchise agreements, they are dedicated to becoming the premier name in their sector and to surpassing dramatic growth and profitability targets. They now seek an exceptional individual to positively impact the management team and the future direction of the company.

Reporting to the Managing Director your wide-ranging responsibilities will Include:

- Maintenance and operation of tight financial controls, financial planning and capital expenditure
- Provision of commercially focused management information, support and advice
- Take charge of the operational elements of the company to include Purchasing, MIS, Warehousing, Logistics, Distribution and Maintenance

Location: M4 Corridor

Candidates will be qualified accountants with at least 7-10 years post qualified experience gained in Hiech manufacturing/FMCG environments, and will enjoy extensive experience of the operational functions mentioned above. You will also display the commercial acumen, credibility and initiative commensurate with a position of this importance. This represents an outstanding opportunity to join

Provide focus and leadership to the finance & operations

growing and dynamic company and to be part of and share in If you believe you have the required skills sets and appetite for this unique role, please send a covering letter and CV to our advising consistants, Jonathan Kidd or Lisa Powell, at Harvey advising consultants, Jonathan Kidd or Lisa Powell, at Harvey Nash Pic, Dragon Court, 27-29 Mackin Street, London, WC2B SLX. (Tel no: 0171 333 0033). Please include daytime telephone number, current salary details and quote reference number HNF119.

HARVEY NASH PLC

# **Commercial Director**

**Hong Kong** 

c £100,000 + Substantial bonus

term strategies for the business.

Our client is an expanding £250 million turnover, international group engaged in the design, manufacture and marketing of quality consumer products.

They now seek to appoint a Commercial Director to their principal Hong Kong subsidiary which has established a strong market position and has substancial potential for further organic and acquisitive growth.

The Commercial Director will work alongside an entrepreneurial, sales orientated Managing Director and will have full responsibility for day to day operational, financial and administrative activity. Key tasks will include the enhancement of financial management systems with particular emphasis on working capital control, and the implementation of a new organisational structure for optimal operational performance. Furthermore, the

successful candidate will be expected to contribute fully to the formulation and execution of profitable long

Candidates, aged 35-45, will probably be qualified accountants or MBAs who can demonstrate a successful record of profit responsibility gained in an international trading environment. Tough but sensitive management skills and strong commercial acumen combined with high levels of energy and commitment are prerequisite. Experience of working in the Far East or a similar demanding overseas location is essential.

Applicants should forward a comprehensive curriculum vitae, quoting ref 221798 to Mark Hurley ACMA, Executive Division, Michael Page Group, Page House, 39-41 Parker Street, London WC2B 5LH

Michael Page Group

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Worldwide telecommunication and information processing services organisation requires a

# Junior Financial Officer

to join the Management in The Finance and Economics Department in Paris

Applicants should have a Business School Degree or equivalent and a good knowledge of French. A basic knowledge of information processing is preferred.

Responsibilities will encompass budgeting, cost control, project management control, economic studies, and

may lead to other financial functions Candidates should be prepared to travel abroad when necessary. Very good salary and comprehensive benefits

Please forward a curriculum vitae and salary requirements to Emmanuel Jalenques, Michael Page International, 3 bld Bineau 92300 Levallois-Perret, France Ref FX11369.

Michael Page International

# FINANCE MANAGER

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A \$20M autonomous operation and part of an international group, this business exports 70% of its sales and provides engineering solutions to a range of blue chip customers.

#### THE CHALLENGE

- Analyse, assess and report financial results.
- Draw up forecasts, budgets & strategic plans.
- Lead a team of str.
- Appraise and review capital projects.
- Ensure effectiveness of foreign exchange
- Assist in the implementation of MRP systems.

#### THE CANDIDATE

- Must be a fully qualified Accountant, ideality Graduate
- At least 5 years post qualification experince.
- Experienced in mojor controct control ideally in on
- engineering environment.
- Persuasive presenter and strategic thinker
- Must have assisted in the implementation of MRP.
- Exposure to a complex business having undergane major change.

If your skills and experience enable you to meet these challenges, perhaps gained in an international operator please write with CV, outlining current package and quoting Ref. No: AK5294 to Angus Keiller

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Applications in strict confidence quoting reference RC5020/FT to the Managing Director, CJA.

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So, what makes this role different?

Well, for a start, we're a downstream oil company so you'll be dealing with some big numbers; turnover of \$7 billion; foreign exchange purchases of \$2 billion; credit lines of around \$1/4 billion. Add to this, considerable complexity: treasury staff in 15 countries reporting through 11 affiliates; over 60 banking relationships, principally in Europe; credit management arrangements ranging from credit card customers to major suppliers: in other words, we think you'll be kept pretty busy.

Is there more?

Until now, treasury has been highly decentralised: we'll be looking to you to continue a process of bringing currency management and international funding into the centre. In addition, we have an ambitious expansion and acquisition programme and we plan to upgrade/replace some of our refining capacity. Funding will be an integral part of these plans.

Are you convinced?

If so, then persuade us that you meet our requirements. Probably in your 40's; internationally experienced with a blue chip corporate background; a sophisticated risk manager with in-depth knowledge of instruments and

policies; considerable exposure to the international banking community and not just in the UK; head office experience but familiar (and comfortable) with complex matrix management. Over and above this, if you speak a European language, understand insurance and you've worked in the oil industry, you could make our day!

What's your style?

Creative, imaginative, resourceful, a visionary but also practical; organised, detail conscious and able to stand on your own two feet without much support from external advisers; tactful and diplomatic, ao influencer, an implementer of change.

Do we have a match? If so, then write and argue your case, quoting reference

D/1529/FT, to Mark Hartshorne at the address below. Alternatively, for a strictly confidential discussion, call him on 0171-939 5605. Executive Search & Selection, Price Waterhouse, No 1 London Bridge. London SE1 9QL Fax: 0171 403 5265.

# **European Financial** Controller

"An exceptional opportunity for an exceptional 'Big 6' Senior Manager"

Our client, a major, multinational FMCG corporation, has a European turnover of \$1.2bn and some of the best known brands in the world. The business has grown dramatically m recent years and is on track to continue double digit growth in the future. This growth has been achieved by substantial investment in the aggressive development of new and existing brands, rogether with strategic acquisitions and Joint Ventures. The small European Head Office provides the strategic thrust for business development and co-ordinates the activities of the fully decentralised field operations.

This position will be responsible to the Chief Financial Officer for the integrity for financial conneil throughout the Division. Key areas of iovolvement will be ensuring compliance with statutory and parent company reporting requirements and coaching operating finance functions in "best practice". In addition, the Controller will be expected to add value to the business by providing strategic financial oversight across a wide range of operating subsidiaries and working closely with the tax and treasury functions to maximise cross-border opportunines This is a high profile role, requiring international

interface at all levels of management and providing

substantial opportunity for "fast ranck", international career development. Candidates must, therefore, be exceptional.

c £60-80,000 package + Car

The ideal candidate will currently be working at Senior Manager level in a major accountancy practice or will have already left the profession and had some commercial experience. In addition to outstanding academic and professional qualifications, applicants should have experience of operating company audits/secondments, exposute to the tax. treasury and corporate finance demands of international businesses and a good understanding of US GAAP. It is preferable that candidates will have worked in more than one geographical location, hopefully including an international

The temuneration package is designed to attract and retain the best. It will not be a limiting factor in the decision-making

Interested applicants should forward a comprehensive curriculum vitae, quoring ref: 188765, to Alan Dickinson FCMA. Executive Division, Michael Page Finance Page House, 39-41 Parker Street. London WC2B 5LH.

Michael Page Finance

Specialists in Financial Recomment tol Windsor St Albans Leatherhead Birn

South East

#### FINANCE DIRECTOR DESIGNATE

#### London

c. £45,000 + Benefits

Our client is a substantial trading company operating in a niche market and supplying a unique service to a relatively small number of end-user customers.

It now seeks a high calibre Finance Director to lead and motivate a small team responsible for reporting and control, including the designing and implementing of appropriate systems, and to work closely with the board in the commercial development of the business.

Candidates will be qualified accountants aged 30-40, technically competent, with well-developed computer skills and the creative and interpersonal strengths to make a real contribution to the ongoing success of the business.

Share options based on performance will be available one year after appointment.

Please reply in confidence by letter or fax with a comprehensive curriculum vitae, including details of current remuneration and a daytime telephone number to D. E. Shribman or M. J. Hudson, Hudson Shribman, Vernon House, Sicilian Avenue, London WC1A 2QH (Fax 0171-404-5773).

#### **HUDSON SHRIBMAN**



# **Group Finance Director**

Yorkshire £75,000 + car and excellent benefits package

Barr & Wallace Arnold Trust pic is a long established and profitable group, based in Leeds, with a national reputation. The Group, which has a turnover of £250 million, is structured such that there are two major divisions (motor distribution and leisure and holidays) and a smaller division (fuel distribution). It has recently undergone a period of significant change which has culminated in the enfranchisement of its 'A' ordinary non-voting shares and resulted in the abolition of the two-tier voting structure.

The Board is pursuing an eggressive policy of expansion, both organically and by acquisition, it now requires a highly qualified Finance Director, reporting to the Chairman and Chief Executive, who will oversee the financial operations of the Group and assess the quality of possible

Candidates, who must be qualified accountants, will play a key role in formulating business strategy and in enhancing relationships with investors, merchant bankers and the financial sector per se. Experience in the leisure/motor sectors would be advantageous but is not essential. Excellent presentational and communication skills are pre-requisites of this position together with the strength of character to influence and convince other Board colleagues.

The Group adopts an innovative approach to its expansion and the chosen candidate will be expected to contribute in a like manner to the strategic and operational development of the Group. This is an extremely demanding and challenging position and requires an individual with drive, enthusiasm and the ability to get things done.

If you feel you meet the requirements then please send your CV, quoting ref M 260, to KPMG Selection & Search, 1 The Embankment, Neville Street, Leeds LS1 4DW

KPMG Selection & Search

# **Group Finance Controller**

#### **West London**

£37,500-£45,000 + car + benefits

Our client is a fully listed Ptc whose areas of activity include property investment, development and activities connected with the construction industry. The Group now wishes to strengthen the senior management team by appointing a Group

Reporting to the Group Finance Director, you will be responsible for all finance and management reporting and for monitoring the performance of the Group through detailed financial analysis. You will also be expected to be involved with the future development and management of the Group.

Candidates will need to have at least ten years' post qualification experience, including five years in a senior line management role, aither within the Head Office of a Plc or as the Finance Director of a subsidiary of a larger group. Relevant industry sector knowledge would be an advantage, though not essential.

Interested and ambitious candidates should send a curriculum vitae, quoting reference no. 1879 to:



Jonathan Wilkinson **Executive Recruitment Services** Pannell Kerr Forster Associates **New Gerden House** 78 Hatton Garden, London EC1N 8JA



#### North Eastern Health Board Kells, Co. Meath Judge 1 Kells, Co. Meath, Ireland

ACCOUNTANT

£25K - £28K

**KELLS** 

CO, MEATH

The Organisation

MANAGEMENT The North Eastern Health Board provide Health Care Services to a population of approximately 300,000 in the Counties Cavan, Monaghan, Meath and Louth. Its Headquarters is in Kells, Co. Meath. its Annual Budget is in excess of £100M.

The Role

Your role encompasses financial analysis of the Board's activities, overseeing budgets, review of management Information, maintaining integrated financial and costing systems. You will have a responsibility in the purchasing process.

The Candidate

Applicants should be ambitious, capable and enthusiastic and have good analytical skills. A professional qualification in Accountancy is desirable, while a high degree of computer literacy and spread sheet skills are essential. The successful candidate will be given every support to pursue further studies and development programmes.

on Eastern Seaboard Application forms are available by applying in writing to the 60 Kilometers from Dublin Recruitment Section, Personnel Department, Head Office, 130 Kilometers from Belfast Kells, Co. Meath, Ireland.

The closing date for receipt of completed application forms is 5.00 p.m. on

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Providing authoritative financial control, reporting and analysis service to the Chief Executive, divisional general management and Group, reviewing and critiquing operational unit performance.

- Supporting divisional management in assessing market opportunities and potential risk, including logistics enhancement, product development and
- Driving budgetary process and managing group consolidation through established head office accounting function in conjunction with Group.

- THE QUALIFICATIONS ■ Qualified accountant, and ideally MBA, aged 35 to 45. Broad financial management experience in a multi-site international business with proven commercial involvement in managing
- Technically outstanding manager with commercial flair. Robust approach with the style and wit to challenge and enthuse divisional manage
- Strong empathy with diverse business cultures with strong emparty with the transport at both parent the impact and maturity to gain respect at both parent level and across the businesses worldwide. Willing to level and across the busine travel extensively; additional languages advantageous.

Leeds 0532 307774 Selector Europe London 071 493 1238

Spencer Stuart

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M4 Corridor

Excellent Remuneration **Packages** 



This International Business Services Group, a fully listed public company, is a market leader covering a range of specialist products. Current turnover at £800m has consistently increased in line with profitability and the group remains committed to further acquisition and development opportunities. The continuing growth and development of its operations has created two opportunities for high calibre finance professionals keen to play a key role in improving performance and effectiveness.

#### **GROUP FINANCIAL** CONTROLLER

c. £60,000 + Benefits

Assuming control of an established and committed finance team, your main focus will be to optimise the effectiveness of a central financial function operating in a multi-currency environment. You will highlight areas for improvement and develop an exceptional operation able to react to the ongoing needs of the business and to absorb acquisitions within existing structures.

You will be a graduate calibre accountant who has worked at a senior financial level within an international group that recognises the impact that financial management can have on the control and development of key business issues. A proven ability to both manage and motivate a large and diverse headcount is imperative. Ref: MH550.

#### TREASURY AND TAX MANAGER c. £45,000 + Benefits

You will spearhead a function designed to optimise the group's position from a treasury and tax perspective. You will

control treasury issues designed Io capitalise on the group's cash resources and be responsible for providing an innovative and creative mechanism for funding the business. Additionally, you will focus on international tax planning, develop group taxation policy and provide the board with tax effective advice on the implications of major group transactions and developments.

You will be a professional who has already gained relevant treasury and/or tax experience from within a multi-national reporting environment and be capable of implementing a commercially focused approach to these disciplines. Ref: MH551. Interested candidates should contact Michael Herst or Charles Austin quoting the appropriate reference at Harrison Willis Search & Selection Partnership, Cardinal House, 39-40 Albemarle Street,



MADRID . PARIS . WARSAW

# CHIEF FINANCIAL OFFICER

c£70-80,000 + Car + Profit Share

+ Options

ABERDEEN



Operating in 24 countries worldwide with a turnover of \$300 million, our client, a major listed subsea engineering company serving the oil and gas industry, is a leading player within its highly specialised and dynamic market place.

The company is now seeking to appoint a full-time Chief Financial Officer as a key member of the senior management team, to provide leadership and direction to the finance function and to play an integral role in the successful long-term development of the business.

Reporting to and working closely with the Chief Executive Officer, you will be responsible for all aspects of financial management and control in this NASDAQ listed company. This will include building and developing a strong corporate team of finance, accounting and treasury professionals, and overall responsibility for the information systems function. Also of key importance will be developing the finance functions in the operating subsidiaries worldwide. In addition, you will be responsible for the implementation of the company's financial strategy, financing negotiations and investor relations, and will play an important role in contract negotiations and M&A transactions.

A qualified accountant with US GAAP experience, extensive international exposure and a proven track record in senior financial appointments, you will be decisive and imaginative, with a high level of commercial acumen, excellent technical, management and communication skills and the maturity to provide a positive contribution at the highest level.

If you wish to be considered for this exceptional appointment send/fax your CV, including details of your current remuneration package, to Suzanne Swycher at FSS Executive, Charlotte House, 14 Windmill Street, London W1P 2DY. (Fax 0171-209 0001).



#### **FINANCIAL** CONTROLLER

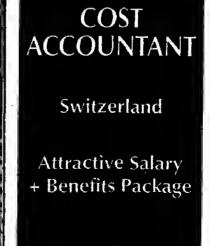
Salary £35K Package + Car + Benefits Location: Croydon (SE London)



Eltron Chromalox, a medium sized autonomous operating division of Emerson Electric Co., with global sales of \$8B, designs and manufacturers capital goods for domestic and export markets worldwide and is seeking a Financial Controllar to head their Finance Department and participate in the management of the business

Reporting to the Site Director, this senior and demanding position would ideally suit a hands-on. P.C. literate, Qualified Accountant with a minimum 5 years experience within a job costing manufacturing environment. Previous experience of systems review and Implementation of change together with the ability to meet tight reporting.

If you are self-motivated, can achieve change and are seeking a challanging role, please send your CV and current remuneration package to the Personnel Manager, Eltron Chromatox, 20-28 Whitehorse Road, Croydon CR9 2NA,



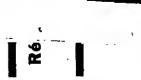
This international financial services organisation is about to embark upon a major project involving cost budgeting, financial systems development and the introduction of a cost centre accounting structure.

This necessitates the recruitment of a high calibre, technically versatile qualified accountant, with a minimum of five years experience gained within financial services, commerce or industry. This challenging opportunity will suit a proactive, computer literate individual, who is keen to apply their problem solving and project control expertise.

Ideally aged 25-35, you should be able to speak English fluently and another European language to some degree.

To discuss this opportunity, please contact Jonathan Astbury on 071 629 4463 (evenings/ weekends 071 702 9672) or write quoting Ref: JA904 to Harrison Willis, Cardinal House, HARRISON

39/40 Albernarie Street, WILLIS London W1X 4ND. Fax 071 491 4705.





# Financial **Services Director**

#### **Paris**

#### **Competitive Package**

Our client is a major US manufacturing and distribution public company with \$ 4 Billion turnover worldwide. To maintaio its premier market position in Europe, it is currently undergoing a programme of business process re-engineering, implementing a European financial Centre. We seek a key member of the management team to raise the profile of all funancial services.

Reporting to and working closely with the European Finance Director, the challenges will

☐ Manage the treasury function at European level, providing specialist expertise in cash and currency exposure management, local bank relationships, all in liaison with U.S based treasury staff. Support the Sales/Marketing departments with an operational assets management policy, controlling dealer and distributor credit, and setting up retail sales financing.

Supervize the Export Finance department. O Support Purchasiog io supplier negociations, contracts and risk management on

You will manage a team of 30 people, 20 of them being in the field. The graduate canditates, probably in their thirties, should be treasury professionals, with at least 10 years experience in an international company.

Previous exposure to working closely with Sales and Marketing departments is necessary. Due to the high profile of the role, excellent interpersonal and communication skills and a definitive «hands on» approach are essential. Fluency in English and French is required.

Interested applicants should forward a comprehensive curriculum vitae, salary expectation, quoting ref. ADB 11333 to Alexis de Bretteville, Michael Page International, 3 bonlevard Bineau, 92300 Levallois-Perret, FRANCE, Pax: +47.57.39.18



Michael Page International

#### **Special Projects Manager**

#### £35,000 plus benefits

Our client, a multi-disciplinary service sector organisation, is currently in the process of selecting and implementing a fully integrated financial information system.

They require a qualified accountant to project manage the implementation and undertake other ad hoc assignments. You will need to have had experience of implementing financial systems and be able to The main project is likely to last 12-18 months, after which further project work or line management

interested applicants should send a C.V. or alternatively ring 0171-831 7393 quoting reference no. 3067 to:



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New Garden House
ASSOCIATES Pannell Kerr Forster Associates 78 Hatton Garden, London ECIN SJA MANAGEMENT CONSULTANTS



#### BANK OF ENGLAND

#### TRADED MARKETS TEAM



The Traded Markets Team, part of Banking Supervision at the Bank of England, is seeking an accountant with direct risk management experience either in a trading or investment operation, or in reviewing risk models used by banks or securities

This team has responsibility for reviewing the derivatives' activities of banks and the creation of policy on the cepital required to support derivative positions. The team will be visiting most major banks in London to examine and understand how they model, manage and control the risks in this area.

The jobholder will need to make judgemeots about a bank's competence and expertise in monitoring the risks associated with derivatives. A clear understanding of the markets in which the banks operate and the ability to assess the quality of the risk control covironment will be needed. The individual will be expected to learn about a variety of risk measurement models and to keep abreast of developments

Soitable individuals are expected to have an excellent mathematical background, and wide knowledge and keen interest in financial markets to support their accounting and risk management experience. A knowledge of the Capital Adequacy Directive and an understanding of supervisory requirements would

The position is for a three year contract. CVs should be sent by 28 February 1995 to Julian Bishop, Personnel Division, Bank of England, Threadneedle Street, London, EC2R 8AH

The Bank of England is an Equal Opportunities Employer

#### Chief Financial Officer **FOR**

#### air Jamaica

A very experienced FCA or equivalent, preferably with extensive airline experience, is required to fill the vacant post of Chief Financial Officer. The position will initially be in Kingston but is expected to transfer later this year to Montego Bay. An attractive salary and benefits package will be offered to the successful applicant, Initial interviews will take place in London commencing March 14th. Short-listed candidates will be invited to Jamaica for further and final interview. Applicants who are interested in this post should write, enclosing a CV which would demonstrate their suitability for the post, and indicating current remuneration, to our consultants:

> RMA Dept. AJE PO Box 104 Dorking, Surrey RH5 6YN

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# Management **Consultants**

#### London

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The consultants will be expected to play an integral role in assisting clients with the implementation of financial systems and change management issues. An understanding of recognised methodologies such as SSADM and PRINCE would be useful but not essential.

Ideally, candidates will be qualified accountants, with "hands on" line management skills or at least three years management consultancy experience. They should be self motivated with proven project management experience and well developed communication skills. This role provides the ambitious candidate with the opportunity to develop his/her consultancy and practice development skills. Career prospects will be directly commensurate with success. Preferred age

Interested candidates should send a CV, with current salary, quoting reference 4000/3 to:



Carol Jardine, Principal Consultant **Executive Recruitment Services** Pannell Kerr Forster Associates New Garden House, 78 Hatton Garden London EC1N 8JA

Pannell Kerr Forster Associates NAGEWENT CONSULTAN



#### DIRECTOR OF TAXATION

Placer Dome Inc. is a major international mining company engaged in the exploration, development and production of gold, silver and base metals. Our head office, located in Vancouver, Canada is seeking an extraordinary individual

You will be responsible for leading the Company's overall global tax planning. Ensuring that Placer Dome Inc. is properly organized to achieve aptimal tax results will be your primary focus. You will play a key role in advising senior and regional management on the tax implications of business plans and, through careful liaison with regional management, make sure that such plans are optimally structured from a tax perspective. In addition, you will be responsible for the preparation and filing of tax returns/ elections for PDI and several of its Canadian subsidiaries. Significant international travel is involved.

As a seasoned professional, you possess on in-depth knowledge of international tox principles, treaties as a seasoned professional, you possess on in-depth knowledge of international fax principles, treaties and ownership structures encompossing a minimum eight years' experience in international tax management. Your qualifications also include a post-secondary degree from an internationally recognized university supported by a C.A. or equivalent professional accounting designation (a commerce/economics degree combined with a law degree and tax specialization will also be considered). The ability to inspire and enrol support from others in developing and implementing creative solutions to complex international tax challenges is essential to success. Excellent interpersonal and communication skills, both written and verbal, complete your qualifications. Proficiency in a second language (preferably Spanish) would be a

Among the rewards you'll enjoy as a member of the Placer Dorne team are a very competitive remuneration

Pursue this outstanding opportunity by submitting a detailed resume to: Human Resources, Placer Dome Inc., 1600 - 1055 Dunsmair St., RO. Box 49330, Bentall Postal Station, Vancouver, B.C. YZX 1P1. Fax: (604) 661-3703. We regret that we are oble to respond only to those under



# **FINANCE** DIRECTOR

+ Car

West London

Law Firm

partnership's management team.

Tetra Pak UK, part of the Tetra Laval Group are market leaders in liquid food processing and packaging systems. Following the recent promotion of our Finance Director we are now seeking a replacement who will be based at our new Headquarters in Stockley Park, Middlesex.

You will be responsible for the Finance, I.T. and Purchasing functions of the company. Principally you will manage the production of statutory accounts, treasury (including F.E. exposure up to £60 million), asset financing (including investment appraisal) and legal and tax planning for one major and four smaller companies.

We anticipate that applicants will have high-level commercial or industrial "hands-on" experience and be able to demonstrate visible achievements which highlight both their technical end managerial competence.

In return, we offer you the challenge to help steer an innovative and entrepreneurial company which is directed by its customer focus and is committed to significant growth through the development of its product portfolio.

In the first instance please write with full CV, including details of your current package to Ernie Watson, Personnel Director, Tetra Pak UK, 1 Longwalk Road, Stockley Park, Uxbridge, Middlesex UB11 1DL

Excellent package

# 

Candidates will be qualified accountants, ideally Based in Surrey, our client has a substantial reputation as a progressive, expanding legal practice with a first class client base and thriving company/commercial, property, litigation and private client divisions. With 12 partners, around 60 staff and 2 regional offices they oow wish to recruit a Director of Finance and Administration who will form an integral part of the

Reporting to the Managing Partner and leading a small department, you will have full responsibility for all aspects of financial and administrative management. The position combines practical involvement in day to day issues with proactive input to the future growth and development of the firm. Of initial importance will be the review and, where required, upgrade of financial and management information systems.

#### Salary to c. £40,000 plus benefits

with professional practice/service sector experience. A hands-on approach is essential, together with sound staff management skills. Enthusiasm and excellent interpersonal abilities are necessary to enable a significant contribution in be made in a partnership environment. A good working knowledge of computerised systems is a

To apply, please send a comprehensive C.V. including remuneration details and daytime telephone number, quoting reference CRR 975, to: Christopher Rose, Touche Ross Selection and Search, Mountbatten House, 1 Grosvenor Square, Southampion, SO15 2BE. Tel: 01703 334124.

MANAGEMENT CONSULTANTS

# Property Specialist

#### Audit & Business Advisory Services

#### PW in London

Price Waterhouse serves a client list which includes many of the world's most prestigious progrisations. Our London based Property Group advises leading property companies, advisory firms such as chartered surveyors as well as a wide range of businesses where property is an important part of their operations.

In order to further develop the range of our services to these clients, we are seeking to recruit a Chartered Accountant who has 3-5 years post qualification experience of the property sector. This could have been gained in a major firm of chartered accountants, business advisers or, atternatively, within a large property or related company.

The scope of your responsibilities at PW would include the provision of a broad range of audit and advisory services,

£competitive including acquisitions and flotations, and the further

development of our property services to clients. Possessing a strong track record at your current organisation, you will be able to demonstrate a keen interest in and extensive knowledge of the property industry.

in return, we offer a competitive remuneration package and outstanding career development opportunities. Interested candidates should write with a full CV to: Charles Macleod, Recruitment Manager, Price Waterhouse.

No. 1 London Bridge, London SE1 9QL.

If you require further information, please telephone him on 0171-939 3000.

#### Price Waterhouse



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Price Wnterhouse is authorised by the institute of Chertered Accountants to England and Weles to corry on investment business 



# NORTHUMBRIAN NORTHUMBRIAN WATER

#### Commercial Accountant-Spanish Speaker-£neg.

Northumbrian Water is one of the largest and fastest growing private sector companies in the North East. It supplies over 2.7 million customers ranging from domestic consumers in large industrial users, and has a turnover in excess of 1300 million.

Due to growing market developments, a need has arisen to recruit an additional Commercial Accountant. The Commercial Division is involved in large scale contracts and project management overseas and the Commercial Accountant will play a crucial role in the preparation of bids, the financial control and reporting of on-going projects and the representation of the Group's floancial interests in overseas joint venture

The position requires someone skilled in project investment appraisal, contractual and financial risk assessment, financial structuring, tax and currency protection and financial

30+, a graduate qualified accountant with previous experience of working in Spain or Latin America, and will possess a demonstrable record of achieving tangible results in previous roles. Furthermore, excellent interpersonal skills, mobility, flexibility, teamworking and finency in written and spaken Spanish are all In return, you will enjoy this challenging, high profile

We anticipate the successful applicant will be used

role where you will contribute as part of a highly professional, motivated team charged with the growth of Please apply without delay, in writing to lan Lewis.



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Specialists in Financial Recruitmen

FINANCE DIRECTOR/COMPANY SECRETARY Required for a successful East Midlands-based company which is considering a flotation in the near future. The Required for a successful cast vitalities of the successful cast vitalities company is engaged in multi-function high and low volume design and manufacturing and has a blue-chip customer company is engaged in multi-function high and low volume design and manufacturing and has a blue-chip customer

- base. The successful candidate must: be a qualified accountant;
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competitiveness depends upon desire and capability if it is to bring success. But where does competitive capability come from?

Businesses have relied upon a combination of size, reputation, innovation and strategic assets such as favourable regulation or market dominance to protect their position. But these features are no longer enough. New inventions do not stay long in the exclusive ownership of their discoverers. Reputations have suffered from criminal activity, sheer incompetence and unrealistic expectations; restrictive regulation hes declined rapidly; size has always been overrated.

John Kay suggests that there is another leading source of capability which he describes as an organisation's "architecture"\*. This is the set of relationships, both internal and external, that the enterprise has generated through its past activities. This network forms a distinctive capability by virtue of its uniqueness. When added to whatever other distinctive capabilities the company may hold. i.e. reputation, innovation and strategic assets, it produces an entity that competitors would find difficult, if not impossible, to replicate. This set of distinctive capabilities becomes competitive advantage when it is applied to an industry and brought to a market.

Many [organisations] have tried to unite the workforce behind a common goal, expressed in a mission statement, which attempts to explain what the business' aims are and how it differs from its competitors. They have wasted their time and money. Organisations are complex and ever-changing. The statements I have seen do not cope with these and the worst a costly

embarrassment to their sponsors.

A more profitable question to address is why a business exists at all. Organisations are no different from people. Both desire to live long and well, doing some good along the way. They have the same basic needs for security, safety and a sense of belonging. They also desire to fulfil their potential, eeeking growth, admiration from peers and justifiable self-respect.

How many organisations state openly that admiration and longevity are their measures of success? How many could claim that their strategies, structures, systems and practices fully support these aims, across the whole spread of their relationships, especially the

Perhaps not many yet, but I sense that a new kind of organisation is

This organisation pays great attention to all of its relationships,

Geoffrey Lane yesterday won the Management Consultants Association/FT Management Essay Award.

The following are edited extracts

# The Virtuous Organisation



seeking long-term bonds. Its strategies are focused towards the long-term, and in the meantime it makes its values, principles and relationship holders can understand the kind of organisation they are connected to, where it is likely to

Organisations are no different from people. Both desire to live long and well, doing

good along the way

take them and what value they can expect to gain from their association. This is the first step towards what I call the virtuous organisation. Its aim is to add value to itself to sustain its life. In doing so it imparts value to its relationship holders. I regard added value as more than a financial

issue. What is of value to the receiver may cost the provider little or nothing. This organisation is constantly seeking ways of generating a better return from all of its attributes. As organisations begin to take a more enlightened approach to providing what the

relationship holders regard as value, they will modify their business strategies, definitions of success and the reporting and accounting methods used to communicate the results.

The organisational structure is another area for attention. Competitive forces have produced slimmer and flatter structures with reduced costs. But have attitudes changed? Management is still "on with employees at "the bottom". The etructure I would advocate resembles a gyroscope. The slim central core gives its spinning disk both balance and support. The faster the disk spins the greater its stability. The disk

represents the local operating unit comprising both employees and managers working together on the

The task of local management is to lead the operating unit through programmes of continuous improvement, rooting out waste of

The virtuous organisation is not a soft place to be. It deals in realities, honestly and openly

every kind, material, capital, time, talent and opportunity. This type of manager takes risks particularly with people of perceived ability. His or her role is to communicate, persuade and influence. Their obligatory routines are negligible. Skills of observation, listening, questioning, challenging

and consulting will have much higher priority for future managers. They will be coaches and counsellors whose authority is founded in a respect for their achievements, skills and personal qualities rather than their status. This manager will play a strong role in influencing change for the whole organisation by feeding back information and opinion to the centre. Employees will have an increasing role to play in assessing the performance of their managers.

Loyalty in the workplace needs to be better understood. It is a mutual self-interest constantly reaffirmed

This may take the form of a series of short-term legal contracts, promotion, or performance and pay reviews within long-term contracts. These are not the only issues that It is often the small things that weaken the bonds, usually the way people are treated. Most of us are motivated by pride and value our reputations highly. Failure to give recognition for achievement and effort is probably the biggest failing of management. Concentrating rewards on results alone distorts behaviour and disturbs the balance hetween short-term needs and long-term aims. If targets are not capable of being expressed in ways that include value and quality, then don't set them. The virtuous organisation is not a

soft place to be. If anything it is tougher than many because it deals in realities, honestly and openly. It is not afraid to admit its mistakes, but does not dwell on them. It does not promise what it cannot deliver but it does deliver on its promises. It impresses at each point of contact, internally and externally. It has courage and an integrity at all levels that leads it away from relationships that are ultimately harmful and towards those that will be mutually beneficial. It is able to articulate its aims, a sense of purpose, principles and direction and ensures that these relate closely to human values. It then rigorously checks its strategies structures, systems and practices to ensure that they are in harmony. It pays attention to all of its relationships at the same time, with constancy, not wooing one or the other disproportionately at each turn of the corporate wheel of

Today's competitive position is the result of past investment in the network of relationships and strategic assets a company holds. The future depends on the choices being exercised now. \*Foundations of Corporate Success, Oxford University Press

The top six essays are available from the MCA, 11 West Halkin St, London SWIX 8JL 16 inc pap.

John Authers on a theatrical way of improving customer service

# Footlights for flight crew

L Lawkward topic of managing an aircraft flight. Yet British Airways recently took the decision to draft in theatrical expertise to help train its aircraft cabin crew.

BA's Breakthrough training course will include a link with the three-day "Mastery" course, developed for actors by the Actors' Institute, a drama school which now also offers corporate training. All the cabin staff and training. An the capth stath and managers, who lead BA's internal training course, must first submit themselves to the Mastery. Participants are encouraged to

come to terms with their nermost fears and desires by talking about them to the rest of talking about them to the rest of the group – who might all be total strangers. Revelations can be personal, so participants must sign a pledge of confidentiality about what they hear.

The workshop can often appear like madness, with people creaming as loud as they can and clawing the ground to exhibit their anger. In the course of it, they vent their rage and frustration, channel it and learn

to look their audience to the eye. None of this seems particularly relevant to air travel, but the mastery of inter-personal skills and self-confidence could be vital for improving client service, especially given the common criticism that cabin staff appear wooden and jaded. BA's aim is to create an image as an airline which treats its customers as ndividuals.

Adaptations of the course for BA have been minimal, even though in many cases the participants will already know each other. But the aim is to er team spirit, with colle having less to hide. According to Christine Kimberley, an institute director, people can be "witnessed to their truth and not be humfliated by it"."

The central philosophy of the Mastery - that people use too much of their energy holding in anger they would rather let out — has applications for corporate

According to Mac Andrews,

resources within themselves as possible to be whatever they need to be in a particular environment.
That might just be taking on a
new role in a new play. But it could also be in the workplace."

John Ackland, director of BA's

programme, says: "This joh is about being spontaneous, and sometimes that can be very difficult. If you've got 400 meals to serve to people in a two-hour flight, that's very difficult, but you can find ways of doing that and being an individual, and treating everyone as an individual."

He said the kind of techniques gained from the Mastery "help cabin staff be themselves".

The Breakthrough, compulsory for all the airline's 10,000 cabin crew, is less totimate than the Mastery, and includes sessions asking staff to think and talk honestly about their perceptions of the company and how they

They are also required to discuss looking after themselves. managing stress and self-esteem. all in the context of spending an intensive amount of time together for three days - as will often happen during the job. There are also sessions looking at communicating with other people, spontaneity and writing and receiving feedback - all of which move close to the world of the

BA is also introducing a package of measures to encourage their staff to be positive about themselves, and to look and feel happy - vital in a service industry. This includes paying for voluntary courses, on top of the compulsory Breakthrough, which can be taken in employees' own time, in en attempt to offer them opportunities to relax and be

happy.
These include long weekends at hotels and country houses being taught about such topics as relaxation and methods of stopping smoking. According to Ackland: "They are all directly related to an individual's well-being in one way or another. And that's directly important to come in the service industry."

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# Culture faces cuts in Canada

As its popular orchestra visits Europe, Antony Thorncroft discusses the funding crisis in Ottawa

ext week NACO hits Europe - which does not immediately strike bome as the most staggering arts event of the year. Even when the initials are converted into the National Arts Centre Orchestra - of Ottawa - in Canada, the senses stay underwhelmed

But the NACO, under artistic director Trevor Pinnock, conductor and harpsichordist, has its fans. Its 1990 European tour was such a success that promoters clamoured for its return. Unlike many visiting orchestras it is of chamber size, and offers works like Mendelssohn's Scottish and Schubert's Third which, according to Pinnock, are rarely toured. And in his four years in charge Pinnock has raised its range

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and reputation.
Its absence from Canada is timely. During its three week tour (opening in Vienna of Tuesday and reaching Newcastle on March 10 and the London Barbican on March 12) decisions are likely to be announced in Ottawa which threaten the future of the arts in a country which has traditionally shown great reverence towards their value and importance.

The Canada Council, the equivalent of the Arts Council of Britain, will hear this month whether its annual grant of just under C\$100m (around £60m) will be reduced by 3, or 5, or 8 per cent. With the Cana-dian government determined to balance its budget the arts are regarded as an easy and obvious victim.

Just two years ago the Canada Council suffered a 10 per cent reduc-tion in grant. Over the last decade its funding has fallen by around 30 per cent. In preparation for another battering the council has been drawing up a plan which will earmark arts activities it regards as essential, and the areas likely to be cut. It is an exercise with global rela-

vance as, in nation after nation, the subsidised arts take a back seat to health, education and welfare as governments confront their deficits. Although the arts councils in the UK did comparatively well in November's grant allocation, events in Canada may be replicated in a couple of years time when the flow of National Lottery money to the arts will pressure the British government to cut

annual funding.
The Canada Council's decisions might surprise some. It will probably concentrate its smaller budget on individual artists, the creators. It already makes thousands of personal grants, many as high as \$35,000 a year. "If we do not support individuals we will have no spring of fresh talent, says Brian Anthony, the associate director of the council.

As in England, it is the big comnanies - the Canadian Opera, the symphony orchestras in Toronto, Montreal, etc., the National Ballet and the Stratford, Ontario Festival that cause most concern. The top 25 companies consume over C\$20m a year yet for many of them - notably the Toronto Symphony, the Canadian Opera and Stratford Festival -Canada Council subsidy is less than 10 per cent of their income. There is talk of the big companies following the Australian pattern and being hived off to a different funding body, be it central government, the provinces, or a mixture of both. The council seems adamant that

its reduced resources will go to the young, the new and the energising. The visual arts have lost out in the past and will be compensated, and theatre and dance, with rising audiences, seem likely to take priority over opera and classical music, despite the fact that the orchestras, especially the Toronto Symphony, are in a perious state. Grants will

also be concentrated on the work of

Canadian artists: companies present-

ing non-Canadian work will be pen-

alised. And administration - which

takes up a staggering 20 per cent of

the budget - and training will suffer the deepest cuts.

The NACO, which is funded directly by the government, will escape the Canada Council's strategic plan - but not a cut in its funding. The National Arts Centre in Ottawa was built in 1969 to give Ottawa, and Canada, a national showcase. The building is depressingly grey and featureless like the Barbican, but inside the orchestra and two permanent drama companies, one English, one French, produce high class performances, helped by lavish

skills. Economics has pared all this down, with another cut from a

C321.6m budget likely this month.
Pinnock has done much to bolster the centre during a difficult era. He has signed on for another two seasons but will then concentrate again on his harpischord. He hopes the baton will be passed to a Canadian conductor: the NACO is already searching for a new music director. As well as adding more contemporary and baroque music to the reper-

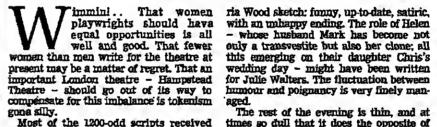
opera productions and dance. This is toire Pinnock has, with no embar-where Robert Lepage boned his rassment, added a series of light classic concerts to a programme which already includes classical pops. He sees nothing wrong in wid-ening the audience and filling the seats and wants to "prove the validity of the orchestra within the com-

> But Pinnock will hand to his successor an essential but tricky manoeuvre - changing the name of the NACO so that it sounds to the public what, on its better days, It is: the premier orchestra of Canad



Handing over the baton: Trevor Pinnock, artistic director of the National Arts Centre Orchestra of Ottawa

Theatre/Alastair Macaulay 'Bearing Fruit' proves barren



Most of the 1200-odd scripts received each year by Hampstead Theatre are by men. So what do the theatre's artistic director and literary manager do? They commission several women playwrights to contribute short plays to the current programme, which is called Bearing Fruit. The theatre will follow this with three full-length plays by women playwrights. We are informed that it now has more women playwrights on commission than men. Does all this discriminate against the male majority of the 1200, or what? Give the jobs to the girls! (This from the theatre which turned down the all-male My Night

with Reg.) Since I was praising Phyllis Nagy, only last week, above any male playwright who has emerged in the 1990s, I do not need to defend myself from any charge of sexism or misogyny on this score. I grant that it is perfectly possible that the women playwrights of today are snperior to their more numerous and/or more prolific male counterparts; and equally possible that some theatre directors and/or literary managers are deaf to the importance of these new female voices. I certainly believe that several male theatre critics have been remarkably slow to respond to the talents of Nagy's talents.

Only one of the five plays of Bearing Fruit, however, is good. Even that, Lavinia Murray's Passing Off, is virtually a Victo-

That women ria Wood sketch: fonny, up-to-date, satiric, cally unpretentious," remarks Ginny, a playwrights should have with an unhappy ending. The role of Helen equal opportunities is all - whose husband Mark has become not well and good. That fewer only a transvestite but also her clone; all for Julie Walters. The fluctuation between humour and poignancy is very finely man-

> The rest of the evening is thin, and at times so dull that it does the opposite of what it intends - i.e. turns an observer, at least temporarily, against women play-wrights. Part of the thinness and duliness are caused by the director, Deborah Paige,

Hampstead Theatre has gone out of its way to compensate for fewer female playwrights

who allows several of the actresses involved to give performances too precious

Dark Afternoon Tea, by Hanan Al-Shaykh, tells us more about two middleaged Lebanese emigrées living in "this fridge we call London" than most of us will want to know. An Epic Ouch!, a repulsively artificial little soliloguy about pregnancy by Sara Sugarman, is acted by Helen Baxendale in what sounds like a Dutchwoman's idea of a Welsh accent; in this and other respects, her performance is, alas, as contrived as the play. The line "Don't you dare be blest when me and mine is wretched" is pretty typical of the

script.
Good lines abound in Meredith Oakes's Mind the Gap. "That woman is so sadistirepressed and repressive upper-middleclass wife and mother and by far the play's most loquacious character. Ginny is taking her son, Lawrence, to the psycho-lanayst for the first time, and is most unhappy. "A history of instability closes doors, Lawrence. Try getting a mortgage!", she tells the poor 14-year-old. She starts to explain the merits of the much-maligned Oedipus complex, and finally tries to force Lawrence to solve their problems by saying "Mummy, I love you forever." What a hoot! Yet we don't hoot. It is another School of Victoria Wood sketch (Ginny should be played by Celia Imrie), but the way it teeters between satire and pathos proves tentative, even evasive.

Helen Edmundson's Coventry Carol, also about the dire influence of mothers on their offspring, is far from evasive. Kathryn's mother (herself dogged by her mother) is so obsessively determined that Kathryn must play the Virgin Mary in the school pantomime that she wrecks her own marriage and kills a rival mother. It's like a Ruth Rendell story; but Edmundson'a pithy, stylised, un-Rendell dramatisation is too oblique to have real

Geraldine Pilgrim has created a single bland set for all five plays. Each of the eight actors plays two or more roles during the evening. There are first-rate performances from young Tim Matthews, especially as the angry but insufficiently Oedipal Lawrence, and from Nicola Redmond, notably as Helen the bride's mother and transvestite's wife. Mark Drewry and Kate Ashfield also do fine work. That the not be blamed on the actors.

At Hampstead Theatre, NW3, until March.

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Choral Arts Society of

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Royal Opera House, London staging

of the Paris National Opera; 7.30

Roberto Abbado (from April)

pm; Feb 17

ROME

OPERA/BALLET

CONCERTS

Concert **Darting** 

the Skiff Quite a lot, it seems, if having lived with one for only six years yon feel the need to change it. The Docklands Sinfonietta was only formed in 1989 and has already attracted much favourable attention for its stimulating programmes of challenging but not impenetra-ble contemporary music along-side more mainstream, if still

somewhat offbeat, repertoire. Maybe the orcbestra felt that too close an identification with what, despite the bype, is still really a London snburb, invited a charge of insularity. or that the designation "sinfo-nietta" implied a slightness about Its aims.

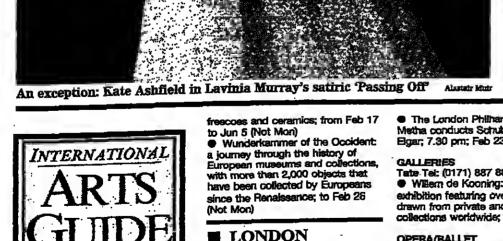
Happily, fears that its current identity crisis might affect the quality of its concert-giving proved unfounded. On Tuesday at the Queen Elizabeth Hall, in its new guise as Sinfonia 21, it showed no signs of insularity or of any lack of imagination. Its choice of repertoire - a London premiere, a Polish 20th-century classic, and reworkings of familiar masterworks - was as Catho-lic as ever, and its performance, under its new principal conductor, Martyn Brabbins, was a commendable match for the demands of the music.

The London premiere was John Casken's Darting the Skiff, which received its first performance by the Northern Sinfonia under Heinrich Schiff at the 1993 Cheltenham Festival. A line by Gerard Manley Hopkins ("Yon'll dare the Alp? yon'll dart the skiff?" suggested its general mood which, unusually for Casken these days, is largely one of meaningful vigour, though the slow, expressive central section brings to mind the dour, northern introspection of Casken's recent work, notably the Cello Concerto and his 1993

Proms commission, Still Mine.
With its relish for the sensuous properties of its 24-piece string orchestra, Darting the Skiff belongs obviously in the great British string tradition of Elgar, Vaughan Williams, Britten and Tippett, yet as the work immediately following it 20th-century central European trends and to post-war musical developments in Poland. where Casken was a student. Similar intricately woven string textures pervade Lutoslawski's haunting song-cycle. Paroles tissées, a classic example of new music that challenges without alienating. Thomas Randle delivered the eloquent tevor part with darkhned anthority though, ideally, a greater range of vocal colour would have made Latoslawski's ravishing vocal writing even more expressive.

Greater subtlety would also have been welcomed in Randle's full-blooded interpretations of arrangements by Britten and Tippett of fonr Purcell love songs, a refresh-ing interlude before a weighty reading of Beethoven's penultimate string quartet, Op. 131. in a version for string orchestra by Leonard Bernstein. Apart from the addition of double basses the music Itself remains nuchanged. Even so the richer sonority emphasised just how far Beethoven's late quartets were ahead of bis time and also - it must be said of ours

**Antony Bve** 



#### AMSTERDAM

CONCERTS Het Concertgebouw Tel: (020) 671

 Royal Concertgebouw Orchestra: wirh soprano Sylvia McNair. Andre Previn conducts Debussy, Roussel and Ravel, 8.15 pm; Feb 22, 23 Royal Concertgebouw Orchestra: with soprano Barbara Hendricks. André Previn conducts Harbison, Previn, Barber and Copland; 8.15 pm; Feb 18, 19 (2.15 pm) GALLERIES

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Barbican Tel: (0171) 638 8891 Tippett: Visions of Paradise: Sir Colin Davis conducts the London Sinfonletta with planist Stephen Kovacevich and soprano Fays Robinson to play Beethoven and Tippett's, 'Symphony No 3'; 7.30 pm; Feb 17 Sorry i Forgot Valentine's Day: if

you missed Valentines day, Paul Wynne Griffiths conducts the London Concert Orchestra and planist Sarah Beth Briggs to play another evening of romantic classics; 7.30 pm; Feb 18 Tippett: Visions of Paradise: Sir Colin Davis conducts the London Symphony Orchestra in a programme that includes the world premiere of Tippett's, 'The Rosa Lake'; 7.30 pm; Feb 19 Tippett: Visions of Paradisa: Sir Colin Davis conducts the London

and Tippett's Symphony No. 4'; 7.30 pm; Feb 23 Festival Hall Tel: (0171) 928 8800 Novosiblrsk Philharmonic Orchestra: With plantst Paul Crossley and bassist Anatoli Saffulin. Amold Katz conducts Prokofiev, Shostakovich and Rachmaninov, 7.30 pm; Feb 20

Symphony Orchestra and violinist

Midori to play Stravinsky, Sibellus

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Paradise, to celebrate the

7.30 pm; Feb 18, 23

composer's 90th birthday; 7.30 pm; Feb 17 Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30 pm; Feb 22 Rigoletto: Jonathan Miller's updated version of Verdi's opera where the cluke is a Maria boss:

Royal Opera House Tel: (0171) 340 Der Rosenkavaller: by Strauss. Conducted by Andrew Davis. directed by John Schlasinge Soloists include Felicity Lott/Anna Tornowa-Sintow as Prinzess von Wardenberg; 6.30 pm; Feb 20

 La Bonéme: by Puccini. Conducted by Simone Young/ Paul Wynne Griffiths, directed by John Copley. Soloists include Angela Gheorghiu/ Amanda Thane as Mirri and Maria McLaughlin/ Judith Howarth as Musetta; 7.30 pm; Feb 21, 23

The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten

'mini festival' at the Royal Opera; 7.30 pm; Feb 17, 22

itional, Olivier Tel: (0171) 928 2252

 The Merry Wives of Windson by Shakespeare. Terry Hands directs his first production at the National. With Denis Quilley as Faistaff and Branda Bruce as Mistress Quickly and Geraldine Fitzgerald as Mistress Ford; 7.15 pm; Feb 17, 18 (2 pm).

Royal Court Tel: (0171) 730 1745/

 The Libertine: by Stephen Jeffreys, directed by Max Stafford-Clark. Comedy based on the works of the 2nd Earl of Rochester, 7.30 pm; to Feb 18

#### ■ NEW YORK GALLERIES

Guggenheim Tel: (212) 423 3652 Ross Bieckner: mid-career retrospective of the American artist consisting of approximately 75 paintings and works on paper, from Feb 17 to May 14

**OPERA/BALLET** Metropolitan Tel: (212) 362 6000 Il Barblere di Siviglia: by Rossini. Produced by John Cox, conducted by David Atherton; 8 pm; Feb 18

(1.30 pm) ■ La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Flore; 8 pm; Feb 17, 22 Simon Boccanegra: by Verdi. A new production directed by Giancario del Monaco.; 8 pm; Feb

Turandot by Puccini. Produced by Franco Zeffirelli, conducted by

Nello Santi; 8 pm; Feb 18, 20, 23

#### **PARIS** CONCERTS Opéra National de Paris, Bastille Tel: (1) 47 42 57 50

 Myung-Whun Chung: conducts the orchestra and choir of the Paris National Opera to play Beethoven; 8 pm: Feb 21

GALLERIES Galerie Schmit Tel: (1) 42 60 36 36 From Delacroix to Matisse: exhibition including the works of Delacroix, Matisse, Picasso and Degas; to Apr 13 Musée Cemuschi Tel: (1) 45 63 50

 Japan, Tastes and Tranquility The Japanese Tea Ceremony: tha historical and philosophical development of the Japanese ceremony; to May 14 (Not Sun)

OPERA/BALLET Châtelet Tel: (1) 40 28 28 40 King Arthur: music by Purcell. A William Christia and Graham Vick production; to Feb 19 Opéra Comique Tel: (1) 42 96 12 20

 Lakme: by Delibes. Conducted by Frédéric Chastin and produced by Gilbert Biln; 7.30 pm; to Feb 18 Opéra National de Paris, Bastille Tel: (1) 47 42 57 50 La Damnation de Faust: by Berlioz. Conducted by Myung-Whun Chung and produced by Luca Ronconi. Soloists includa Béatrice Uria-Monzon as Marguerite, and Thomas Moser/Gary Lakes as Faust;

7.30 pm; Feb 18, 20, 23

Lucia di Lammermoor: by

Donizetti. A new production by

Andrei Serban. Maurizio Benini and

Conductor Yuri Temirkanov with planist Eliso Virsaladze plays Britten, Prokofiev and Stravinsky, 3 pm; Feb OPERA/BALLET

Washington Opera Tel: (202) 416 7800 Vanessa: by Samuel Barber.

Director Michael Kahn, conductor Christopher Keene; 8 pm; Feb 19 (2

THEATRE Horizon's Tel: (703) 519 9123 Kindertransport by Diane Samuels. Jane Latman directs a moving play about the repression of memories in Nazi Germany and the survival of a woman and her relationships; 8pm; to Apr 4

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British exacutives have argued that small UK companies often fail to grow because they lack financing from banks and traditional venture capitalists.

This week's launch of the Alternative Investment Market (Aim) by the London Stock Exchange is the latest attempt to attract equity into dynamic young UK companies

But the initiative also reflects a recognitioo that Europe badly needs the equivalent of the US-based Nasdag the highly successful market that focuses on fast-growing companies.

The Aim will replace the Unlisted Securities Market, which recently tacked both new entrants and investors, and should appeal more to cap ital-hungry companies than the USM because it will be open to entrants with no track record. It will also be tightly regulated which should attract the investors needed to provide the liquidity the USM lacked.

Small companies have found it even harder to find equity capital in continental Europe than in the UK. Despite the existence of second-tier markets, such as the Second Marché in Paris and the Mercato Ristretto in Italy, Europe has largely failed to direct private savings into small companies in the form of equity.

The European Commission is slowly recognising the case for a second-tier market similar to Nasdaq. "Stock markets for fast-growing companies are a key element in the chain of financing mechanisms for innovative growth companies," the EU's Strategic Programme for Innovation and Technology Transfer (Sprint) said last year.

ture", he said.

This argument may be over

done. Mr Peeters says there are

privete equity investors in

Europe, but they lack access to

European market like Nas-

dag, run with full disclosure of

information and adequate

"I know of European stock-

brokers who participate in every initial public offering on

Nasdaq for their private cli-

ents," he says. He recalls s small stockbroker in Aalst,

Belgium, who last summer

raised a \$20m convertible bond

for e local company, Lernoud & Hauspie Speech Products,

The EASD has started rais-

ing the Ecu10m it needs to

finance the new Europe-wide

But even before its launch

its shadow has fallen over the

London Stock Exchange's new

market initiative. The

Exchange originally said it

would replace the USM with an

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THE FT TRAVEL ORGANISER

leather, this

market until it breaks even.

from 1,000 private investors.

In response, the European Association of Securities Dealers (EASD) was set up last November by stockbrokers, the European Venture Cepital Association and representatives of the Paris Bourse; it aims to launch a Europe-wide equivalent of Nasdaq - called Easdaq – late this year.

At the same time the Paris Bourse has announced plans to set up e new market for small record or are too young for listing on the main market. A committee of French market professionals and government representatives is expected shortly to clarify whether the Bourse will implement this plan even if Easdaq takes off. Mr Jos Peeters, managing director of Capricorn, a Belgian venture capital company and an architect of Easdag, says there is room for both e



# Help for the young

new pan-European market and Richard "Easdaq is positioning Gourlay on itself as e primary market for high-growth companies with international ambitions," he easier capital says. "Aim does not have the for small pan-European element I think is essential for the developcompanies ment of this market with sufficient liquidity and companies. In launching London's new market this week, Mr Michael

unregulated market. But announcing Aim's rules this Lawrence, the Stock Exchang veek, the Exchange has stolen chief executive, said he thought Easdaq faced an uphill Easdaq's clothes by focusing Aim on growth companies and making the market relatively struggle. Apart from regulatory issues and problems of highly regulated. accounting, Europe did not have a "common equity cul-

ut which companies will float on it and will they attract investors? One category includes companies such as Oilfield Systems, s young Winchester-based company making software that helps the oil and gas industry pinpoint erves. Annual sales are only £800,000, but the company made e crucial sale to BP in December and wants substantial new capital to bring its products to market faster.

The Stock Exchange is hoping Aim will also attract companies in the UK regions that need to raise smaller amounts of capital and can perhaps already identify local investors. Under Aim's rules, such companies will not need their advisers" in the new jargon to produce a comprehensive prospectus, so reducing the cost of gaining a quotation. A third category will be the 200 companies now trading on the USM which choose not to

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London Stock Exchange. The USM will close its doors at the end of 1996 although Atm end of 1996 although Aim opens for business on June 19. There are also over 300 companies which are already trading under the Stock Exchange's Rule 4.2 that allows matched bargain trading. The Stock Exchange plans to end this facility on June 30. These commanies include Handley and the stock of the stock Exchange plans to end this facility on June 30. These companies include Han-

som Group, which raised nearly £4m last year from 400 shareholders to build a London

black cab group that now owns more than 300 taxis. Migrants from the USM and the Rule 4.2 trading facility will get Aim off to a flying start, but it will take time to encourage wholly new entrants; they might delay issuing prospectuses if they see liquidity in companies already quoted is low. What is more, Aim's strongest backers recognise there is currently little private investor appetite for new issues even on the official where risk should be

In the meantime, Mr Law-rence has started promoting the Aim. Ha is welcoming non-UK companies. And he is co-operating with other European stock markets – not with Easdaq – considering the launch of revitalising national small company exchanges.

Companies such as Oilfield Systems now have few options for raising equity. But by the time they are ready for quota tion on the new Aim, they could find they have a choice of markets in Europe.

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EU QTY

SUB

### Europa: Carl Bildt

# Count the benefits



pean debate in the next few years will be

Europe's institutiona the inclnde nations of central and eastern

Europe.

Although much of e general nature has been said on the issue, the debate has been short on specifics. But as we take the first steps towards enlargement, specific questions will become increasingly important, raising the risk that disagreement over details could block or bring to e halt the entire process. We can already see concerns

emerging over the pressure for

further substantial reform of

the Common Agricultural Pol-

icy to eccommodate central and eastern membership of the European Union. As these wor-ries are likely to grow in coming years, the early political enthusiasm for enlargement might well wane and be replaced by the defensive attitude seen too often in the past. Signs of this are already evident in tha EU's negative stance on the opening of its market to goods from the east. Present agreements with cen-tral and eastern European countries allow for extensive "safeguards" on imports and virtually exclude from trade with the Union important sec-

with the opportunities of economic integration. A recent document by the socialist group of the European parliament in Strasbourg underlines this cautious epproach. It favours a policy that would accept "the opening of markets and competition" but would also be "gradual and comply with the rules of the

game" as a means of attenuat-

tors of their economies. This

reflects an attitude more con-

cerned with the dangers than

The great issue ing "social consequences" in to the convergence criteria for in the Euro- the eastern countries and in monetary union laid down by eastern countries and in

It is generally accepted that the EU's eastern enlargement is necessary to extend stability and security into central Europe and the Baltic states. But there is a considerable risk that the enormous economic benefits will be neglected in a

debate increasingly dominated by fears of change. Both theory and experience demonstrate the benefits from the freeing of market forces and lowering of trade barriers. in the case of eastern Europe, such benefits may be larger than normal. since the pro-

pean

cess will bring the integration into the Euromarket of economies that are more advanced and flexible long-term than many people realise. After the of Europe early losses of

output immediate post-communist transformation, economic growth has now resumed across central Europe and the Baltic states. These countries will probably experience growth in coming years well above that of most regions of the EU. As they move to accept the laws and regulations of the single market, a combination of flexible economies and prudent fiscal policies will make some of them extremely competitive and very attractive as

production sites. States with successful records of economic transformation, such as the Czech Republic and Estonia, will be in an excellent position from which to benefit from the advantages of the single market. In addition they will have fewer difficulties than many current members in adhering

monetary union laid down by

the Maastricht treaty. Assuming that those policies are maintained and that a necsocialist backlash of the sort seen now in Hungary can be prevented, such countries will prohably be viewed in a decade's time as more successful and promising than some existing members.

A massive freeing of markets creates potential benefits for the whole EU. But these advan tages will be realised only if western Europe takes necessary steps to improve its own flexibility, particularly et the

focused

macro-econom-

states. But con-

individual en-

level. Much debate has Even conservative estimates are likely to show ic convergence enlargement will bring significant vergence in terms of the advantages for all flexibility et the level of

terprises and economic sectors is no less important. Labour market rigidity is already seen as one of the EU's major problems. It will be an even greater difficulty in e Union enlarged to include the flexible and competitive posttransition economies of central and eastern Europe. As a result, enlargement inevitably raises fears of increased unemployment in the west a factor that exacerbates the defensiveness now starting to creep into

the debate on this issue. In the past, the EU has shown it can confront and overcome the fears brought about by the prospect of political and economic change. When the single market programme was under discussion in the late 1980s, studies pointing to the significant long-term economic benefits that it

would bring had an important influence on increasing its

acceptability. The European Commissioo's report in 1988 drawn up under the stewardship of Paolo Cecchini estimated that the single market programme would give Europe a medium-term boost of 4.5 per cent of gross domes-tic product. These findings had a crucial impact in helping create political support for necessary decisions.

Seven years later we need a similar study on the economic consequences of enlargement. The Commission is already working on e white paper on the subject, to be discussed at the next European summit in June, but a broader analysis is required to show the full benefits for the continent sa a

My suggestion is that the Commission should appoint a high-level panel of economists to report on the consequences of extending the EU to central Europe and the Baltic states. Such a report should be drawn up by the end of the year, before the beginning of the 1996 inter-governmental conference on revising the Maas-tricht treaty. If we are able to remove the rigidities hampering our development, even conservative estimates are likely to show enlargement will bring significant long-term advantages for all of Europe.

We need weapons to counter the special interest groups that will be trying to slow down or stop enlargement. A second Cecchini-style exercise could provide such an instrument. The first report gave political momentum to the development of freeing markets in western Europe. A second one could spread the process across the whole continent

The author, Swedish prime minister between 1991 and 1994, leads the Moderate party in the

#### LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine').

Translation may be available for letters written in the main international languages.

### Consistency in S Korean move into EU

Sir, During the late 1980s a number of South Korean companies established their first plants in the European Union. The timing of these investments invariably coincided with the imposition of antidumping duties - the stick.

Your article, "Big gamble on a European thrust" (February 10), asks if "the stampede abroad by South Korean corporations is brave or foolish". I ther. Instead, it is an indication of flexibility and intelligence. Moreover, the move into | this large market is sufficiently | mindful of Moreover, it is the | Glasgow, Scotland, UK

Europe is entirely consistent with the well-known strategic intent of these corporations (for example, Daewoo, Hyun-dai, Kia, I.G. Samsung, Ssan-gyong, Sunkyong) to become global leaders. Booming markets in east Asia and the strong yen afford an ideal opportunity for their international expansion.

It now seems likely that large South Korean companies and their suppliers will attractive to companies - irre-spective of nationality - for inward investment to occur without providing financial incentives (the carrot) to inves-

It should also be remembered that the net benefit of inward investment needs to take into account the impact on competitors. Of course, the EU should welcome inward investment, but a strong Korean presence in the EU reprepresence in the EU. Surely, it | nous companies and other | Strathchyde University, should be evident to all that | foreign investors need to be | 173 Cathedral Street,

recognised the benefits of competition through co-operation with the Korean giants (for example, Honda and Daewoo). By complaining of dumping and accelerating the internationalisation of Korean players, perhaps it is the actions of European corporations which may be best described as "brave or foolish". Michael C McDermott, Strathchyde International

#### Too hard to understand

From Mr Roger A Bartlett. Sir, I refer to your article "P&G sues Bankers Trust over more swaps" (February 7). This story will run and run - per-haps "BTgate" could be used to describe this saga, given the tape recordings now revealed. On e more serious note, I believe all of those wishing to participate in the financial derivatives markets require a much greater understanding of the costs and henefits of these

instruments. For example, at this company I decided against entering into such contracts. despite their apparent attrac-tiveness. My decision was based both on the wey in which they were presented to us and our (admitted) lack of understanding of the full impli-

Common sense seems to be sadly lacking as fear of being caught out by doing nothing in e volatile market overcomes all rational behaviour.

I do not know who is to blame for the mess, but does it really require all that much effort on the part of those involved (sellers and buyers) to make e genuine effort to understand the contracts they are writing? If it takes e mathematical genius to understand it all, then I for one will have to wait until it can be clearly explained to me in simple terms before again considering any such "all singing, all dancing" solutions. Roger A Bartlett, finance director.

Osprey Maritime, 6 Shanion Way, DBS Building Tower Two,

# |Special TV and film policies for Europe

any other product on the market. They are not. They are part of our cultural heritage which affects people's hearts and minds through the most powerful medium in the world the screen.

With the current expansion of new technologies in the industry there is the potential for creating 1m extra jobs in the audiovisual industry in Europe. This will only happen if we have mechanisms like the EU television without frontlers directive (which will strengthen the European programme industry and increase the circulation of programmes between European countries through e broadcasting and

From Ms Carole Tongue MEP.
Sir, Your paper has long maintained that TV programmes and films are like investment quota) and the media programme to promote training, marketing and distribution of Europe's audiovisual programmes and films. National support is also required. At present, Europe's

terrestrial TV channels carry a mix of national and US programmes, with only 8 per cent of their programmes from other European countries. For example, Channel 4 only showed five European documentaries in 1994.

Let us create space for Euro-pean programmes to circulate, enhancing our culture, increasing mutual understanding and creating thousands of jobs in our creative arts. Again, broadcast and investment quotas are ways to encourage this. They are needed for e transitional period of up to 10 years to pro-

vide e breathing space for the European industry to restructure and for investment to be stimulated. European industry might then be able to take on the might of the US companies, which are able to sell their films in a secondary market at e 10th of the cost it takes to produce quality European drama and documentaries.

In a situation of imperfect market competition, special policies are required to ensure that all Europe's voices are heard and all Europe's stories are told, and that Europeans gain economically and culturally from an ever-growing industry. Carole Tongue, PES spokesperson for culture

and media policy, European Parliament, Strasbourg, France

#### Top companies favour harmonisation

Sir, How refreshing to have some evidence from Mr Stefano Micossi (Letters, February 16) assertions of Tim Melville-Ross, director-general of the Institute of Directors (Letters, February 2 and 14) Perhaps I could offer some more from the 150 or so interviewa about Europe I have just completed with chief executives of the UK's top 1,000 companies. The majority indeed wel-

comed the opportunity for "less regulation" than European harmonisation in fact offers, fully recognising it to be preferable to individual coun-tries setting standards in their preferable to individual countries setting standards in their own, usually protectionist, seldom extends beyond an abil-

"national interests". While few thought influencing EU legisla-tion to be easy, most regarded it as vastly more efficient than trying to lobby several separate national legislatures.
Furthermore, Commission

directorates are reportedly receptive to sensible input on the key technical and competitive implications of legislative proposals, and keen to have business views direct from companies rather than from so-celled representative groups, such as the loD.

The Commission is apparently aware that such groups are rarely as representative of

ity to sell memberships in order to pay secretariat sala-ries. Of the directors interviewed, the vast majority were not IoD members. The few that were seemed to regard it more as a conveniently located club than e representative body. So even if the loD has a smattering of members from an "entire spectrum of UK

business", it is presumptuous for its director-general to claim his views on Europe are "broadly representative of business as e whole". Edmund Thompson. doctoral researcher, London School of Economics,

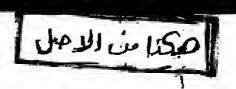
#### Achieving success through superiority - but by what means? you will lead with something superior policies over long lowed? A tout seigneur, tout from General Augusto Pino periods"; but would that not be horneur. From Mr Nicholas Kudd.

Sir, Having begun your piece on Mexico ("Perspective on a panic" February 11/12) by quoting General Porfirio Diaz, per-haps when you come to Chile

chet. For the Chilean example may, as you say, show "that "success is possible in Latin America if a country sticks to torship and repression that fol-

owing, in large part, to the putsch led by General Pinochet, and the decades of dicta-

Nicholas Kydd, 1 rue François Bonvin. 75015 Paris,





### FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Friday February 17 1995

# Mr Yeltsin's confusion

Once again, President Boris interests of all his constituencies Yeltsin has given his own people, and the outside world, a whole host of conflicting signals in his state of the nation address to the Russian parliament. Anyone looking for a clear sense of direction is bound to be disappointed.

enefits

On the economy, he insisted that Russia must create a favourable climate for foreign investment. and integrate with the outside world. But he also said that the creaking system of state farms and factories needed continuing protection. On the political front, he admitted that the military campaign in Chechnya had been bungled, but be did not apologise. Rather, he continued to justify the action, and be did little more than rap his military commanders over the knuckles, while calling for beightened combat readiness. His defence minister, General Pavel Grachev, whose job was supposed to be in question, took the remarks as an invitation to urge more military spending.

It is obvious that Russia today is not a place in which one can tell where the government is going from one day to the next. Mr Yeltsin seems to be driven simply by his determination to remain in power. He shows no real understanding of the reform process on which be is supposed to be embarked, but does just enough to keep his western benefactors at bay. It is clear that the reform process needs his personal commitment if it is going to succeed, but it is equally clear that his commitment will never be unequivocal.

The western world must now face up to that reality. Unwavering support for Mr Yeltsin has long been unsustainable, although as Russia's first elected president he obviously remains the man with whom one must deal.

Right strategy

In the first place, western leaders in the Group of Seven, and through the medium of the IMF, make no bones about the the next G7 summit in Halifax, Nova Scotia - not exclude him, as some member states are apparently tempted to after the Chechnya debacle - and there they should tell him he is foolishly confused. In trying to balance the

- from reformers and new businessmen to the barons of state industry and agriculture, and from sophisticated diplomats to truculent army commanders - he is ensuring short-term survival, and long-term failure. There is no solution for Russia other than decisive steps along the path of

Yawning deficit

The IMF negotiators whose support is seen as critical to that reform process have withdrawn to Washington to lick their wounds. They must decide whether they can accept the yawning fiscal defi-cit and the lack of coherent policies on export liberalisation and oil, and wbether they believe the Russian government means to deliver its side of the bargain. After Mr Yeltsin's speech they still do not know where he stands who his real allies are, and whether he is remotely capable of delivering the budgetary and monetary discipline they desire.

One reassuring statement was that be will allow next year's presidential election to go ahead. He is more likely to lose than to win it. For the west, many of the alternatives might be worse. But that is no reason to shy away from the electoral process

For the time being, the awful truth is that it is not possible to work with Mr Yeltsin - nor to work without him. The commitment of the Russian government alone has been proved inadequate. The president is too powerful to ignore. Nevertheless, the west must now start planning for a world without Yeltsin. It must do so with the utmost care, and in full awareness of the limits on its influence. Not all the alternatives are worse, but any indication of western "champions", in the current Russian climate, would almost certainly play into the

hands of hardline nationalists. Indeed, given the unpredictabil-ity of Russian policy and politics, right reform strategy for Russia. up its own clear policy objectives.

They should invite Mr Yeltsin to and stick to them as best it can. They remain the promotion of the democracy, and the equally painful, but ideally swifter, process of creating a market economy. The underlying principle must be to

back policies, not individuals.

# Mission to explain itself

The BBC's analysis of its programmes and its audience's tastes, published this week, is an admirable attempt to define its So long as it is dependent on the strategy. But the report reflects profound confusions about the course it should take. Until it develops a coberent plan, the UK's largest broadcaster will be in danger of losing audiences and of surrendering its claim to funding by the licence fee - the flat rate payment by all viewers. It could also jeopardise an alternative future in

the commercial sector.

At present, the licence fee is safe. The government has agreed to link it to retail prices until 1996. and to preserve it in some form albeit at an undecided level until 2001. But as the BBC rightly recognises, its claim on the licence fee will diminish as its audience share is eroded by cable and satellite (although so far, the Corporation has tended to over-estimate

the newcomers' penetration).

The government has given it a clear nudge to develop commercial activities such as programme sales and new international channels to bolster the licence fee. But one possibility is that the BBC will eventually be forced to move entirely into the commercial sec-

tor and to take advertising.
This week's report is designed to stave off that day. In a torrent of self-criticism, the BBC says it runs the "risks of self indulgence, élitism and irrelevance". But in arguing that it is "funded by all to make programmes for all", it commits the fallacy of thinking that it must appeal equally to all viewers.

High quality drama

That has set it in anxious pursuit of groups who profess them-selves "neglected". But to define programmes by the race, sex or age of their target group is to mis-take variety of subject for real diversity of ideas. Moreover, the position that no viewer should be dissatisfied could lead to the selfcensorship of believing that no viewer should be offended.

There are signs that, in the pursuit of minority audiences, the BBC is losing its traditional strengths, particularly high-quality drama and other entertainment, both high-brow and popular.
As the BBC acknowledged this week, with the outstanding exceptions of Eastenders and Casu-

So long as it is dependent on the licence fee, and therefore on political decisions, it will also need to defend its reputation for politically impartial news and current

The current search for identity reflects a long-standing tendency at the BBC to try to do everything. It has no criterion by which to withdraw from types of programme or activity. Other than, perhaps, unequivocal failure: the collapsing audience of Radio 1 raises the question of whether the BBC really has a role to play in popular music as competition

Gains in efficiency

The danger now is that the hnge gains in efficiency which the BBC has made in the past seven years will be used to add more activities without a clear sense of purpose. While the licence fee remains, that lack of discrimination will continne to push the BBC up against the financial buffers. It will also wsakan its attempts to develop commercial income; programme sales and new channels are driven by its stable of traditional successes, not by minority programming. Moreover, if the licence fee is ever withdrawn entirely, the BBC's best hope is in offering its core audience to advertisers.

Consultants' reports cannot repair the BBC's current lack of self-confidence, because they will always reveal disgrumiled viewers. Instead, the BBC should concentrate on its strengths. It should not be embarrassed that many of its programmes appeal most to middle class people in southern England, who comprise much of the population. It will then automatically find itself offering a different service from the commercial channels. It will also stand the best chance of securing its financial future.

The current attempt to appeal to all is simply delaying the day when the BBC will have to work out what it does best. The exten-sion of the licence fee has given it a breathing space to find the answers, and develop conviction in pursuing them. If it were in the commercial sector already, it would not have that leisure.

r Fernando Henrique Cardoso, Brazil's newly elected president, wrote many books in his earlier academic career. He is now seeking to rewrite one of the country's most important and complex volumes, its 151-page 1988 constitu-

Yesterday the president delivered his first proposels for reform to congress and told legislators the changes were needed to modernise the economy and political system. The country's constitution is widely blamed for the government's budget problems and for limiting foreign involvement in business.

Many of the proposals are confroversial, and are likely to dominate this year's political calendar, with congressional approval difficult to predict. If congress rejects the reforms, Mr Cardoso's governing coalition could fall apart and his high standing among foreign inves-

tors would evaporate.

These reforms are so important because they could reduce the state'e role in the economy and will decide whether we join the rest of the world in pursuing competition and a smaller role for government, or remain lagging behind," accord-ing to one official.

Brazil's constitution is an extraor dinary document, written by left-leaning politicians shortly after the 1985 return to democracy. It tried to enshrine economic and social rights which the drafters felt had been ignored during the military rule.

Some chapters were enlightened, giving Brazil progressive laws on environmental and Indian rights (although enforcement of these provisions has been disappointing). Others were idealistic and have never been put into effect, for example a 12 per cent maximum annual real interest rate.

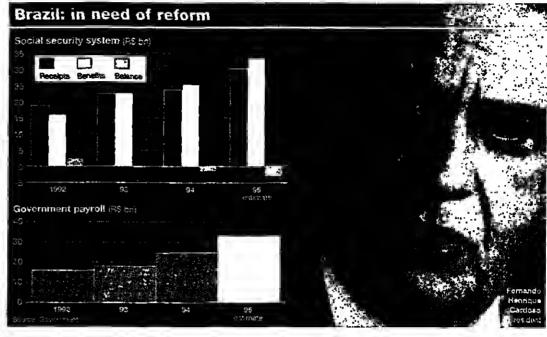
But many of the document's 245 articles that bave been imple-mented are seen as adding to the government's financial crisis.

For example, the new constitution required the government to devolve same revenues to the states, but not spending responsibilities - reducing the resources available to central government for investment and infrastructure projects.

It also entrenched a generous social security system, which allows some people to retire aged 40 and others to claim multiple pensions. This has come close to collapse. with benefits likely to outweigh contributions by about \$3.2bn this

Mainly because of these factors. the pessimistic forecast for the central government's budget this year is a \$15bn deficit, equal to about 3 per cent of gross domestic product. Mr Cardoso attributes his election to his success as finance minister in bringing down inflation by introduAngus Foster explains why President Cardoso's proposal to rewrite the Brazilian constitution is so important

# Slow march towards reform



cing a new currency, the Real He has therefore given priority to economic reforms in changing the constitution, believing that economic uncertainty will undermine his influence in congress. Other changes, mainly to the voting laws and party political system, will be left until later this year.

The proposals delivered to congress are designed to remove disadvantages imposed by the constitu-tion on foreign-controlled companies. They would allow them to compete in previously restricted areas such as mining and hydroelectricity generation. And state monopolies in oil exploration and production and telecommunications would be opened to private sector

In coming weeks, Mr Cardoso is expected to propose further reforms to overhaul the social security system. He wants to unify the government's various pension schemes, set an upper limit for benefits and allow the private sector to provide pensions for the wealthy. Individuals will have to contribute for a set period, possibly as long as 40 years, before they can retire.

Action will also he taken against corruption and abuses of the system. The army in one state, for example, has 22 working and 330 retired colonels on its payroll.

Changes are being prepared to

simplify the chaotic tax system, which has 59 taxes and social contributions. It is also one of the few in the world to impose punishing sales taxes on exports. Some spending responsibilities, for example on health, will also be transferred to the states. Mr Cardoso's chances of carrying

these reforms are mixed. Each amendment to the constitution requires a vote by three-fifths of both houses of congress in two separate votes in each bouse. Last year, a special constitutional revision session failed to approve many of the same reforms, even though amendments then needed to be

approved only by a majority.

Mr Marco Maciel, the vice-president, is optimistic that the new congress elected with Mr Cardoso is keener on change than the old. "Congressmen now know the people

want reforms," he says. The Real's success gives Mr Cardoso the public backing to put pressure on congress for change, says Mr Maciel. He also thinks the crisis in Mexico bas helped. "Mexico showed Brazil and congress the need for reforms, especially in the fiscal area," he says.

On paper, at least, the government commands a majority in con-gress, with its six-party coalition controlling nearly 70 per cent of the

However, the coalition embraces a wide range of parties from centre left to the right. And the government's majority is much weaker than it appears, mainly because of Brazil's immature political system. Congressmen are loyal to powerful individuals rather than political parties, and votes are often decided on personal and regional grounds. Mr Celso Napolitano, a São Paulo political consultant, says: "Theoretically the president has three-fifths support, but when it comes to a vote, it's a lottery."

Although the reforms proposed yesterday are less controversial, opposition to further measures is likely to be considerable. The social security system changes will force

people to work longer before retiring, and end the special benefits enjoyed by influential interest groups. The tax reforms will annoy state governors, who are worried that the changes will leave them with lower revenues. These groups will put pressure on congress to amend or delay the reforms.

Faced with such worries. Mr Car-doso is moving cautiously. On some issues, there are also signs of splits in the government. It is considering withdrawing controversial propos als to reform the constitutional article that makes it almost impossible to fire public sector workers. which has been partly responsible for the sharp rise in the government's wage bill.

The president characteristically prefers gentle persuasion and a slowly built consensus. This careful opproach contributed to the success the presidential election. This time, bowever, the strategy is riskier. Brazil's conservative and business clites were prepared to back Mr Cardoso over the Real because a radical leftwinger, Mr Luis Inacio Lula da Silva, was the clear leader in the presidential opinion polls. Now there is less urgency for them to support Mr Cardoso.

here are also concerns over the government's timetable for reform Mr Maciel says voting could start in the lower house in April and be completed in the senate by the end of June. This would give the government the rest of the year to press for political reforms - likely to include changes to the party system and allowing the president to stand for more than one term of office. These must be approved by the end of the year to avoid a clash with next year's municipal elections.

But the timetable has already started to slip. The tax and social security proposals due to be presented yesterday were delayed because of disagreements between ministrles about which proposals were politically feasible. With the new congress keen to review every executive action, the legislative process will be slow and Mr Maciel's optimistic voting timetable could quickly fall behind schedule. Some government ministers think it may take most of this year to approve the economic reforms, leaving the political changes uncertain.

Delays may not matter as long as the majority of the reforms are eventually passed. But they will expose the fragility of Mr Cardoso's majority and undermine his stand-ing in congress. His government might then find it has missed the chance to push through the more controversial changes that are so essential for the further development of Brazil's economy.

# Mexican precedent for Ukraine



ments were taken ahack by the way the US last month commandeered the International Mone-PERSONAL for International VIEW Settlemente and leading governments to arrange a \$52bn ballout for Mexico.

European govern-

The sum earmarked for Mexico is probably more than is necessary to achieve the key goal of stopping creditors from panicking and unnecessarily pushing the country into detault. But the package has exposed the failure of the European Union to come to the aid of its neighbours in urgent need.

The discrepancy between Mexico'e treatment and that received in recent years by Algeria, Yugoslavia and Russia could not be more stark. In the virtual absence of leadership from the EU, each of these countries suffered a disastrous financial crisis which undermined fragile attempts to strengthen democracy and to implement economic reform.

transfer around 5 per cent of national income to its creditors at a crucial stage in the liberalisation process. Yugoslavia's request for its debt to be rescheduled during a last-ditch stabilisation programme in 1990 was turned down. And Russia received a pittance from the IMF in the crucial years of reform, between 1992 and 1994.

Ukraine is the latest foreign policy test of this type for the EU. A new reform-minded govern-ment led by President Leonid Kuchma came to power in June 1994, inheriting hyper-inflation and an utter collapse of public administration. Mr Kuchma has rallied the country to the cause of economic reform against great odds. If his current effort fails, Ukrainian sovereignty could be at risk, with revanchist Russians looking to "reunite" it with the "motherland".

The EU's response has been extremely feeble. It has found about Ecu85m in loans to provide support for Ukraine's balance of payments but Ecu65m of this must be used to trengthen democracy and to implement economic reform.

Algeria was pressed in 1991 to another \$1.50n - an amount equal

to Ukraine's IMF quota, the contribution each country makes to the organisation's funds. This compares with \$17bn pledged by the IMF for Mexico - equivalent to seven times Mexico's IMF quota.

The overall sums for Ukraine are minuscule, and fall short even of the inadequate pledges made at last summer's summit of the seven leading industrialised nations when

The Mexico package has exposed the EU's failure to come to the aid of its neighbours in urgent need

\$4hn in aid was promised. To some extent the experience of Ukraine - like those of Algeria. Yugoslavia and Russia - reflects Europe's difficulty in co-ordinating the response of a dozen countries to international Issues. But it also reflects a serious misjudgment by the EU about the best course of action to adopt. Its instinct is to wait for financial matters to take

care of themselves, rather than mobilise an emergency package of financial support. This is an odd stance for EU

member states to take. After all, they first achieved post-war financial stability with the help of credits supplied by the US government under the Marshall Plan. The problem is that governments'

financial crises tend to spiral out of control until reform-minded politicians are ousted by extremists. Without significant external assistance, most financially strapped

governments cannot win the time needed for basic reforms. When creditor governments fail to provide meaningful financial support to back up their calls on debtor governments to get their house in order, the result is usually a political débacle in the deblor country.

The EU should follow the Mexican package with a suitable Europe-

led package for Ukraine. Rather than the \$1.5bn now on offer, the IMF should provide \$3bn: \$1.5hu to help Ukraine's hudget and \$1.5bn to belp back a new Ukrainian currency. The World Bank should put up another \$1.5bn for urgent

balance of payments support, as opposed to the meagre \$500m now on offer. And European nations should together mobilise Sihn in urgent additional support. Sooner rather than later, new

market-based solutions will he needed for crises such as these. The IMF should have new powers to authorise dehtor governments in distress to tap markets for new funds on an urgent "priority" basis. Repayment of old debts would be legally subordunated to repayment

of these emergency loans.

Such mechanisms should be discussed at this year's G7 summit. where the role of the international institutions will be on the agenda. But sbort-term emergencies in Europe's backvard should not want for long-term reforms. Europe must act to defend its security interests. It can take a cue from the US's quick and ample response to the

Jeffrey D Sachs

The author is professor of interna-tional trade at Harvard University

### **OBSERVER**

#### Comrades in adversity

■ Just as things were beginning to look up again for Poland's President Lech Walesa, he's run into another sticky patch.

Lech Falandysz, his top legal aide, has resigned, adding to the lengthy list of those who have jumped ship. What's upset Falandysz, one of Walesa's key figures? Falandysz has recently been a daily fixture for Poland's media, faithfully defending his president

He has also invented various legal ruses to block the passage of this year's budget, thereby hamstringing Waldemar Pawlak, outgoing prime minister.

Falandysz says he's off because be can't stand the "style and method of work" of Micczyslaw Wachowski. "The rest is slience," he cryptically added.

Falandysz has served Walesa well for three arduous years. But Wachowski and Walesa go back a long way. In 1980, during Solidarity's heyday, Wachowski, a former taxi driver, became Walesa's chauffeur. He thereafter dropped from sight, returning to public life in 1990 – when Walesa became president - as the chief minister in the president's office, an influential job which be fiercely defends against interlopers.

It's not the first time that

Wachowski has been cited as the

cause of a senior resignation; last

year Andrzej Drzycimski, the presidential press spokesman, also left in a huff. Next week Walesa is off to Latin

America. When he gets back be will decide whether to accept Falandysz's resignation.

#### Huff and puff ■ Privatisation of all but 10 per

cent of Seita, France's state tobacco monopoly, may not have gone as smoothly as finance minister Edmond Alphandery hoped. With annual turnover upwards of FFr15bn and no significant debt. Seita might seem an attractive

But to what type of investor? About 25 per cent was offered to individuals and French residents. France's oldest anti-tobacco organisation, the Comité National de Lutte Contre le Tabagisme (CNCT), has spotted a chance to

worm its way through Seita's doors. The CNCT urged supporters to buy at least 10 shares, and acquire the right to attend Seita's annual general meetings, where they can turn themselves into a stone in the shoe of Seita". There'e to be no smoke without fire, it seems.

#### Metall-bashing

When Joseph Schumpeter, the Austrian economist, Wrote of "creative destruction", he meant innovation and changing markets - not financial speculation. Never mind. Metaligesellschaft needs all the allies it can muster, as it recovers from the loss in US oil futures trading that nearly pulled It under last year. Now just back in the black, the

industrial and trading group has placed advertisements - using Schumpeter's words - in German newspapers, telling people what went wrong and saying what it hopes is now going right. Those wanting to learn more of

how this latter-day learus managed

to keep going are informed they can obtain an information package from the company. For which Metallgesellschaft anticipates heavy demand: it has printed 70,000 copies. On Wednesday, when the ads first ran, so many called that new lines had to be installed. The flood continued

yesterday, much to the group's Why the astonishment? Everyone is fascinated by tales of death-bed recoveries - they're so rarely true.

#### It's only a game ■ The longest election campaign in

recent Spanish history culminates on Sunday. Weeks of full-page glossy newspaper ads, television commercials and broadcast debates leave no doubt about the election's

At stake is the chairmanship of Real Madrid football club. The 54,000 eligible voters have three

candidates to choose between. The patriarchal Ramon Mendoza 67, former import-export dealer and club chairman for the past nine years, has edged ahead in the polls over 47-year-old building company chief Florentino Perez. Trailing third is Santiago Gomez Pintado, 58. ex-player and owner of a motor

Combined campaign costs are thought to run into many millions of pesetas, with arguments focusing on development plans for the cluh's dilapidated sports complex.

The contest has of course been conducted according to the true gentlemanly spirit of the game. Mendoza, wbose chances are boosted by Real Madrid's current top position in the Spanish league, bas accused Perez of being "anti-Madrid . . . an expert liar" and "an ignoramus about football".

If Mendoza was only half right, Perez could always find an English

#### Barking mad

■ Danisb police dog-handlers are annoyed; they have been landed with an extra tax bill requiring them to pay tax on the allowance they get for upkeep of the dogs they use in their work. Where will it all end? Fire fighters getting taxed on the polish

allowance for their ladders? Time to tax doctors on the allowances they get for their thermometers . . .

Financial Times

#### 50 years ago

Paint company shares

India's big car order The Government of India has ordered a large number of motor-cars for civilian use. Bombay informed circles say about 2,500 baby and other cars either Austin or Morris, are expected in India in the next three or four months. The necessary shipping space is being arranged.

With shares, as with merchandise, the dearest-looking wares are frequently considered among the best and most advantageous to buy. A case in point is provided by one of the leading paint shares, Pinchin Johnson Ordinary. There seems to be justification for the market's confident appraisal of good paint shares. Expectations of the continuity of present dividends during war time and of higher dividends and capital appreciation after the war appear to be based on solid grounds. Consider the position and outlook as one may, it is difficult to escape the conclusion that the paint manufacturer is in an enviable position.

The Financial Times was not published on Sunday. February

# FINANCIAL TIMES

Friday February 17 1995



# Ministers and industry discuss future of European aerospace

By Michael Skapinker in London

British, French and German ministers and industrialists have set up a forum to discuss the future of the European serospace

The group, set up at the initiative of Mr Michael Heseltine, UK trade and industry secretary, met in Paris on February 7. Further meetings are expected.

The French delegation was headed by Mr Bernard Bosson, the transport minister, and Mr Jose Rossi, the industry minister. Mr Gunter Rexrodt, the German economics minister, was present, and the meeting was also attended by the heads of the lead-

three countries: Aerospatiale, Dassault and Specma of France, British Aerospace and Daimler-Benz Aerospace of Ger-

Those at the meeting said no specific decisions were reached. Industrialists said the initiative to set up the group had been taken by the politicians but that company beads had an open mind about what it could

towards consolidation of the European civil and military aerospace sector and what could be done in the future.

would have bought in equipment

and services from other manufac-

turers and managed the implementation as a complete package.

Bell Atlantic said it would manage the systems integration

and was moving towards sealing

ers - which will include AT&T

and General Instrument. AT&T put a brave face on the news.

saying it regarded Bell Atlantic

as a valued customer and would

continue to work with it on the

Mr Lawrence Babbio, Bell

Atlantic's vice-chairman, said : "After considerable discussion

and analysis we have concluded

thet we should assume most of

the systems engineering and

systems integration responsibili-

Bell Atlantic's network will be

New Jersey. Philadelphia, Balti-

more and Washington DC. It will carry cable television, home shopping, banking and interac-tive services including education.

been about \$500m.

from the three countries and by other European aerospace representatives in Airbus Indus-trie, the manufacturing consor-tium which is the most successful example of European aerospace collaboration. Airbus, which is jointly owned by Aerospatiale, Daimler Benz, British Aerospace and Casa of Spain, last year won more aircraft orders

than Boeing, its US rival. Last month, British Aerospace, Aerospatiale and Alenia of Italy launched s joint venture to mar-ket regional jets and turboprop aircraft. While the partners in

industry which has 17 manufacturers worldwide, it was criticised by Daimler-Benz as being too parochial. The German group, which is not part of the venture, believes Asian companies will have to be included.

There are other serious rifts industry, largely involving the UK. Some European government officials have criticised what they see as the UK's lukewarm atti-tude to the Future Large Aircraft military transporter project.

Airbus plan for Japan tie-up fails, Page 6

# China bans overseas

The state council, or cabinet, outlawed the issuing of bonds internationally except by authorised organisations. The decree also prohibits local governments seeking credit ratings to enable

The latest tightening of the rules on raising capital abroad follows recent cases of Chinese organisations running into debt repayment difficulties.

debt, although China's foreign exchange reserves have risen sharply in the past year to \$50bn and its export earnings comfortably cover interest payments. China's foreign debt grew last

year by about \$17bm. Debt stood at \$83.5bn at the end of 1993. Principal and interest repayments are running at about \$20tm annually, according to an official of the State Administration of Foreign Exchange Control.

The state council order said:

"Local governments may not run a deficit hndget and have no right to issue bonds overseas, and therefore it is unnecessary

in the past year. This is in spite of the fact that provinces are not among China's 13 institutions, such as banks, permitted to bor-

the fact that there was no real need to do too much borrowing now foreign exchange reserves are quite healthy".

# Top Marks FT-SE Index: 3051.1 (-23.8)

icy, a welcome change in the institu-tion's attitude to such matters. Share-holders in the bank should be pleased,

as they have suffered because of its

involvement in one corporate débacle

after another. Bankers will now have more time for running the bank.

ther disengage from industry by sell-ing their corporate shareholdings. The

banks are keener to sell than in the

past. The government ought to help by removing tax obstacles to the disposal of their industrial holdings.

Kleinwort Benson's 1994 results are flattered by releasing \$16m of provisions made in previous years for bad loans and unused office space. Once these one off factors are stripped out.

Kleinwort's profits are down 21 per cent - not the 5 per cent the merchant bank highlighted. Even so, it still

made profits in a year when some rivals were pushed to break even. The

main reason is that Kleinwort

increased fees - mostly for corporate

finance work - hy 16 per cent. Though

dealing income was mauled by the poor markets, it suffered less than

many competitors since it places rela-

tively little emphasis on proprietary

The results emphasise that Klein-

wort is not under immediate pressure

to merge with a larger bank. Even if it

was keen to do so - which it is not -

Kleinwort Benson

It is also good for shareholders in other German companies, as the move is part of a trend to make company supervision more effective. But there

LEX COLUMN

The recent strength of the D-Mark owes as much to the weakness of other currencles as to its own inherent attractions. Political uncertainties explain the plummeting lira, the stumbling peseta, the sagging pound. The problems of the US dollar are partly political, insofar as they reflect insta-bility in Mexico. But it is also dawning on financial markets that lower-than expected economic growth in the US may spell more moderate interest rate

ightening than hitherto predicted. All this is good for the D-Mark. But the currency's fundamental strengths are also responsible. In contrast to the US, the German economy is enjoying a stronger-than-expected, export-led recovery, as yesterday's fourth-quarter growth figures show. The Bundeshank also enjoys high anti-inflation credibil-ity in the eyes of international investors. A third factor is that German short-term interest rates are likely to move upwards soon. True, the appreciation of the D-Mark in itself constitutes a tightening of monetary policy and private consumption is weak. But inflation will bottom out this spring. Thereafter the Bundesbank can be

expected to take pre-emptive action.

One anomaly is that the recent appreciation of the D-Mark against the US dollar has not been matched in the bond market: since November last year the yield gap between US Trea-suries and 10 year bunds has dwindled from about 50 basis points to nothing. If the D-Mark's appreciation continues, that yield gap may start to open

Supervisory boards

For decades, a seat on the supervisory board of a large industrial company was the crowning glory of a German banker's career. More recently, a supervisory board mandate has become a poisoned chalice, as the Deutsche Bank directors who chair the supervisory boards of companies such as Metallgesellschaft and Klöckner-Humboldt-Deutz have discovered.

Entanglements with these and other companies have taught Deutsche a lesson, as this week's outspoken remarks from the bank's Ms Ellen Schneider-Lenné confirm. She suggests that bankers should refrain from occupying the especially influential rule of supervisory board chairman. Bankers should also the keep the number of supervisory board mandates to a minimum, she argues - well below the legal maximum of 10 such seats. This suitors may not be as thick on the ground as speculators would believe. has now become Deutsche Bank pol-

Kleinwort would not give continental European banks the US securities dis-tribution capability they lack most. Any purchaser would also have to write off large amounts of goodwill which would push many close to the minimum capital adequacy ratios set

by regulators.

That does not mean a merger is out of the question. Though Kleinwort is in good shape now, it is unclear whether it can for long maintain its management of the control of position in a market where competition from firms with greater global reach is becoming more intense. One of the lessons from the S.G. Warburg/ Morgan Stanley talks is that it is bet

The water companies, for some time the Cinderellas of the utilities sector, are deemed to have found Prince Charming in the shape of Mr Michael Heseltine, the UK trade and industry secretary. Following his decision on Tuesday to allow a bld for Northern Electric, the water companies have been swept up in merger fever. But it

panies, water company cash flows are being channeled into mandatory capi-tal expenditure. While the electricity companies ara throwing out cash. most water companies are having to raise finance. Meanwhile a tough regulator has ensured that productivity

There would be limited synergies from mergers with either other water companies or electricity companies, and regulators could insist that benefits were shared with consumers. Conglomerates may be attracted by the sector's tax advantages and low price/earnings ratio, offering the potential to enhance earnings per share. But there is little cash to take out and the most obvious costs have been cut. And that is even before considering life under a possible Labour government.
The French water companies, previously interested, have been wet by property investments and are now more inclined towards telecommunications, Given the gap between bid expectations and their likelihood, tha

# AT&T loses key role in information highway project expenditure over the period. AT&T, as systems integrator,

By Alan Cane in London

American Telephone and Telegraph, the largest US telecommunications operator, has been dropped from a key role on a pioneering \$5bn information superhighway project.

Bell Atlantic, a regional Bell telephone company serving part of the US Atlantic seaboard, intends to fulfil ambitions of its own to become a leader in superhighway technology, Bell Atlantic's decision will be

a bitter blow to AT&T, which earlier this week announced a new business division designed to pull together its skills in systems integration, project management and

technical consultancy.

The Bell Atlantic's project, announced in May last year, is one of the most ambitious moves in the US into the information superhighway, which aims to deliver a two-way stream of information to homes and offices. Bell Atlantic said yesterday that it had decided to drop AT&T as prime contractor and systems integrator for its "full service network" project.
The cost of the five-year proj-

ect, expected to be completed in 1999, has been put at \$5bn, about half Bell Atlantic's capital the approved by the Federal Communications Commission.

# loans for provinces

By Tony Walker in Beiling

China has banned borrowing overseas by provincial govern-ments in a further attempt to restrain growth in the country's foreign debt, which atands at

them to borrow abroad.

Officials have expressed concern over the country's growing

for local governments to have credit studies."
Wealthier southern provinces
such as Guangzhou have raised funds in the international market

The representative in Beijing of an international lending institu-tion said the state council decree reflected a feeling that there had been "excessive borrowing, and

Foreign bankers expect China's overseas borrowing this year to fall. This reflects the cootinuing credit squeeze aimed at curbing inflation, and official pervous-ness about sharp increases in for-

### US appeals over Microsoft

Continued from Page 1

competition s market that has been closed by defendant's illegal restraints" because the Justice Department had only attacked a narrow segment of Microsoft'a monopoly position.

But Ms Reno said the law did not give Judge Sporkin the right to review unrelated charges and urged a quick appeals court rul-

Europe today

Most of Europe will be unsettled with unseasonably high temperatures. An active

Sweden. A gale or strong gale is expected over the southern Baltic Sea. Rain in

northern Germany, Denmark and southern

Finland and western Russia in the afternoon

and evening. Ireland and Great Britain will

west coastal regions. A lingering front will

cause rain in northern Spain and south-west

and central France. The Alps will also have rain which will turn to snow on higher

Mrs Anne Bingaman, assistant attorney general for antitrust,

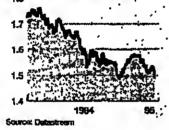
said she saw Judge Sporkin's decision as a "huge threat" to her division's ability to prosecute

ties ourselves.

antitrust violations "Plea bargains and consent decrees are a vital part of the prosecutor's job," she said, noting that the antitrust division was currently entering around three consent decrees a month.

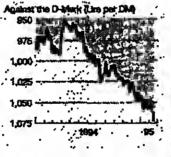
Microsoft's share price, which fell on Wednesday after the yesterday at \$60% in early after-

# **D-Mark rises**



Continued from Page 1

fell 22 per cent in early after-



weak yesterday. Mexican shares

level on January 30, just before US president Bill Clinton announced the \$50bn rescue plan. Problems in Mexico are per-

# noon trading. Argentina dropped ceived to be bad for the dollar. 5.85 per cent and Brazil fell 5.56 because markets believe the US per cent. In dollar terms, the will be forced to meet the cost of Mexican market is back below its any rescue exercise. FT WEATHER GUIDE

Lufthansa

followed by a ridge of high pressure which will suppress showers in most of western Europe on Saturday. The frontal system of a new Atlantic depression will reach Great Britain on Sunday, spreading rain over the North Sea and the Low Countries on Sunday and Monday, Southern Europe will continue dry and sunny. A low over Greece

**Five-day forecast** The Baltic low will move further east

Our service starts long before take-off.

Shower shower shower such country relief Toloyo
Toloyo
Toronto
Vancouver
Venice
Vienna
Wereaw
Washington
Wellington
Wintipag
Zurich

American Cyanamid Company American Medical Holdings, Inc. Bayer AG The Boots Company PLC Borden, Inc. Browning-Ferris Industries, Inc. Ciba-Geigy Limited Cooper Industries, Inc. Eaton Corporation Edizione Holding S.p.A., La Leonardo Finanziaria S.r.L. and Mövenpick Holding AC Ethyl Corporation

> Society Corporation Swiss Reinsurance Company Tele-Communications, Inc. Tele-Communications, Inc. Misubishi Corporation

ter to negotiate from a position of strength than one of weakness. UK water

is hard to see why the sector should be a target for takeovers, even if the gov-ernment gave its blessing. Unlike the regional electricity com-

gains, rather than price increases, are the only route to profits growth.

sector runs the risk of stagnation.

Global Performance 1994 Mergers & Acquisitions \$80 billion, in 1994. We advised our clients on many of the year's most important and interesting deals, Acquisition by American Home Products Corporation \$9.7 billion Merger with National Medical Enterprises, Inc. \$3.3 billion Acquisition of North American OTC business of Sterling Winthrop from SmithKline Beecham ple \$1.0 billion Sale of pharmaceuocal subsidiary to BASF AG\* \$1.3 billion Acquisition by Kohlberg Kravis Roberts & Co. \$4.1 billion Acquisition of Antwoods pict \$760 million Acquisition of 49.9% interest in Chiron Corporation \$2.2 billion Exchange offer/spin-off of Cooper Cameron Corporation\* Acquisicion of Distribucion and Control Business Unit \$1.1 billion of Westinghouse Electric Corporation Acquisition of controlling interest in SME S.p.A. from IRI S.p.A.\* \$896 million Spin-off of Albemarle Corporation \$1.2 billion Merger of Roche Biomedical Laboratories, Inc. and National Health Laboratories Holdings Inc. Hoffmann-La Roche Inc. \$1.3 billion Investment AB Cardo Acquisition by Incentive AB \$2.8 billion Acquisition of various TV stations!/Transfer of network affiliation to Fox Broadcasting Company New World Communications \$1.6 billion Group Incorporated Merger with KeyCorp \$4.0 billion Sale of three businesses to Allianz AG and sale of \$4.3 billion two businesses to Winterthur Swiss Insurance Co. Creation of four new classes of common stock! N.A.\* Merger with Liberty Media Corporation \$3.6 billion \$3.5 billion Union Carbide Corporation and Recapitalization and sale of 75% interest in UCAR International Inc. to Blackstone Capital Partners L.P.

For a complete list of our 1994 transactions, plyane call

CS First Boston's M&A Group at (071) 515-1577.

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CS FIRST BOSTON

# **COMPANIES & MARKETS**

Friday February 17 1995



#### IN BRIEF

Champagne perfume row settled Yves St Laurent, the perfume manufacturer con-trolled by pharmaceuticals group Sanofi, yesterday announced a final settlement in its long-running dispute with France's champagne producers.

Hewiett-Packard delights Wall St Hewlett-Packard reported stronger than anticipated results for its first fiscal quarter and amounced a two-for-one stock split and a dividend increase.

Statoli shrugs off weaker prices Statoil, the Norwegian state oil company, yesterday reported record net profits of NKr5.4bn (\$818.2m) for

Goodman Fielder to sell Asian Interest Goodman Fielder, the troubled Australian food company, plans to sell its 63.78 per cent stake in Goodman Fielder Asia, a Singapore-listed company with interests in south-east Asia for S\$191.9m (US\$128m).

Navistar lifted to \$23m in opening term Navistar, the Chicago-based truck and diesel engine assembler, said a continuing surge in US truck demand lifted first-quarter net income to \$23m, or 21 cents a share, up 44 per cent from \$16m, or 12 cents, in the fourth quarter of 1994.

Transamerica posts record fourth period Transamerica, the US financial services group which last year paid \$1bn for the container leasing business of Tiphook, the UK trailer rental company, reported record earnings for the fourth quarter of

has been building up his stake in John Fairfax, the newspaper publisher, in apparent contravention of the country's media cross-ownership rules, said that he believed it would be quite legal for him to hold a 24.8 per cent stake. Page 26

More than 3m register for power shares More than 5 per cent of the British population have

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#### Renault unveils high-tech plant

Renault, the French vehicles group, yesterday unveiled its Technocentre, a FFr6.4hn (\$1.22hn) design and development plant aimed at increasing the speed and quality of vehicle launches. Page 24

1994, as a big rise in crude oil production offset the effects of weaker oil prices. Last year the group made profits of NKr3.4bn. Page 22

1994. Page 24

Packer defends growing stake in Fairfax Mr Kerry Packer, the Australian businessman who

registered an interest in buying shares in the UK government's £4bn (\$6.3bn) sale of its stakes in the country's two largest generators, National Power

BICC, the cables and construction company, yester-day ended a year long search for a chief executive by poaching Mr Alan Jones – former chairman of Westland Group – from GKN, the motor compo-nents, industrial services and defence equipment manufacturer. Page 27

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THE FINANCIAL TIMES LIMITED 1995

# Intel steps up the pace with P6 microchip

By Louise Kehoe in San Francisco

Intel, whose Pentium microprocessors are just beginning to enter the mainstream personal computer market, yes-terday unveiled the P6, a new generation

of chips. Deliveries to computer makers begin later this year.

The launch of the P6, just two years after the Pentium was formally introduced, demonstrates a sharp accelera-tion in Intel's product development cycle, which has set the pace for the PC industry for more than a decade. With more than twice the processing power of the Pentium, the P6 promises a

leap in PC performance. Within two or three years the chip could enable low-cost home and office computers to handle taxing multimedia applications such as speech recognition, full-motion video conferencing and image processing. It incorporates 5.5m transistors, mak-

ing it more complex than almost any other semiconductor device that has been produced in high volumes. It can ss instructions at the rate of at least 200m per second.

Intel is the dominant supplier of microprocessors with an estimated 80 per cent of the \$10bn world market. No competitor comes close, Advanced Micro Devices, ranking second, had estimated microprocessor sales of \$700m last year, compared with intel's \$8.4bm.

Yet several challengers have overtaken intel in terms of microprocessor performance over the past few years, using technology called Reduced Instruction Set Computing (Risc). Propo-nents of Risc include Hewlett-Packard, Sum Microsystems, Digital Equipment and the IBM-Motorola-Apple Computer alliance that has developed PowerPC

microprocessor chips.

When Risc microprocessors appeared in commercial products in the late 1980s, the technology's backers predicted that they would drive conventional microprocessors, such as Intel's, from the market. Intel, faced with the Risc challenge as well as mounting competition from "clones" of its own chip designs, launched an aggressive response.
P6 is the first fruit of this effort. It

comes close in performance to chips

such as the latest PowerPC device, Digital's Alpha chip and Sun's Ultraspare, while maintaining software compatibility with the estimated 200m PCs in use. Intel has taken a few leaves out of the

Risc book and invented some new tricks to boost the speed of the P6, according to industry experts. Key to the P6 performance is an approach called "dynamic execution" that enables the "brain chip" to perform several tasks simultaneously and think ahead to select tasks that it is likely to need to do next.

Intel's P6 designers take issue with the suggestion that they have borrowed design concepts from Risc. "That drives me crazy," says Mr Bob Colwell, P6 architecture manager. "We did the basic architecture before there were any real competitors. There was no borrowing. The Intel P6 team also rebuffs Risc competitors such as Mr Tom Jermoluk, president of Silicon Graphics, who say Intel is "enslaved by the need to maintain compatibility" with decade-old microprocessors, Mr Lew Pacely, P6 marketing manager, says: "We don't feel compromised. We have a performance

level that competes extremely well and we have a huge base of software. That is

what everyone is scrambling for."

The entrenched role of Intel's microprocessors virtually assures the success of the P6. Risc chips, including the PowerPC, have collectively achieved only a 6.5 per cent market share.

Intel faces increasingly Intense compe-tition from "clones" of its own chip designs. AMD and Cyrix have announced their own versions of Pentium, while Nexgen, a tiny Californian company, is selling Pentium-class chips that are faster and cheaper than the originals. With the P6, however, Intel aims to remain a step ahead of these competitors, even if that means cannibalising sales of its own existing products. The P6 will create "top down pressure" In the market, Mr Pacely says, hastening the obsolescence of 486, fourth generation microprocessors which are

the staple of the clone producers. One important question remains: is the market ready for the P6? Last year Compaq Computer, the world's largest PC manufacturer and Intel's biggest cus-

tomer, baulked at Intel's efforts to promote Pentium chips to consumers through print and television advertise-ments which suggested that older chips

Home PC buyers, who account for most of the approximately 5m Pentium PCs sold to date, may similarly be disenchanted when they learn that the Pen-tium is not, any more, the hottest PC chip. There is a danger that In its efforts to accelerate the pace of technology Intel may slow PC sales by exacerbating fears of rapid obsolescence.

Another concern, say Industry analysts, is that the very complex P6 chip might contain a "hug" like that recently found in the Pentium, Intel's engineers say they have tested the P6 for over three years in an effort to ensure that it

But Intel will maintain the lion's share of the microprocessor market, at least in the short term. It plans to spend \$2.9bn on new production plants this year, up from \$2bn in 1994. No one else can afford to keep pace. Big jump at Hewlett-Packard, Page 24

After-effects of the bad loans crisis, although receding, are still shaking the region, writes Hugh Carnegy

# Nordic banks are still not out of the woods

banks chalk up their 1994 results, it is clear that for most the explosion of recessioninduced loan losses that tore through their balance sheets in the early 1990s has subsided. But the dust has not yet settled.

The most spectacular aftereffect was seen last week in Finland, where the loan-loss crisis wreaked the greatest bavoc, forcing to date a total of FM60hn (\$12.8bn) in loan write-offs and requiring FM40bm in state sup-port. The country's two biggest banks, Kansallis-Osake-Pankki and the Union Bank of Finland, put aside 100 years of rivalry to

four successive years of losses.

It was the biggest restructuring in the Nordic banking sector for years, creating a bank with com-bined assets of FM300bn. KOP dominant partner) hope that the new bank will finally draw a line under their losses and use its powerful domestic position to resist increasing incursions into the Finnish market.

Post-crisis fall-out is also going on in Norway and Sweden (Danish hanks survived the loan losses without state intervention). In Norway, all the main banks fell under state control after a slump in the petroleum industry punctured a lending boom. Now that the banks are back in profit, the Labour government is battling with the two main players, Den norske Bank and Christiania Bank, over its insistence on a 50 per cent divi-dend payout and its intention of holding a controlling stake, apparently indefinitely.
In Sweden, the four top banks

 Handelsbanken, Nordbanken,
 Skandinaviska Enskilda Banken and Swedbank - are essentially profitable again after shaking off the worst of a lending spree to the property sector. But SE Banken yesterday reported an operating loss for 1994 after including a special SKr4.3bn (\$584m) write-off against property assets it has been left holding. Meanwhile the government will reprivatisa Nordbanken -

hoping to retrieve a chunk of the SKr60bn it shelled out on bank rescues. It must also decide when to withdraw a blanket guarantee placed under the banks in 1992. Nor is the operational picture clear for the banks. Credit losses hava tumbled from 1992 when total write-offs and problem loans across the region totalled \$15bn. Lower bad loan costs have con-iributed to the return to profit of Swedish and Norwegian banks and have helped the Finnish banks back within sight of profits in 1995. The banks have largely recapitalised, but many are still incurring large loan losses and holding bad loan stocks.

SE Banken reported yesterday that credit losses in 1994 - excluding the special write-down stood at 1.65 per cent of its lending portfolio, still above "normal" levels of around 0.5 per cent. At KOP in Finland, 1994 credit losses were 2 per cent of total lending. In Norway, Den norske Bank recorded new loan losses in 1994 of NKr2.1bn (\$818m).

Meanwhile, 1994 proved diffi-cult for the banks' underlying operations. In Finland, Norway and Sweden net interest and other operating income fell. Causes were last year's turbulence on bond markets and a combination of weak demand for borrowing and narrowing spreads between interest charged on loans and interest paid on In Sweden, a slow recovery

high private savings rates have left the banks with surplus liquidity. At the same time, deregulation has led to rising competition, with banks offering wider services, including insurance and pensions, while companies such as the insurer Skandia. and Ikea, the furniture retailer, are opening banks.

Foreign banks have also begun

from recession and continued

to increase their activities in corporate banking - taking a 28 per cent share of the Norwegian domestic corporate loan market, compared with 25 per cent held

#### More balanced sheets

Test	TOTAL ASSETS SEN	EXPENSES/ASSETS %	INCOME/EXPENSES RATIO	
Swedtoenk	80.2	1.7	1.96	Dec 1994
Handelsbanken	68.2	1.3	2.3	Sep 1994
SE Banken	53.3	2.0	2.0	Dec 1994
Nordbenken	49,4	1,8	2.3	Sep 1994
KOP T	30.6	2.1	1.4	Dec 1994
. Unites To merge	29.1	2.0	1.7	Dec 1994
Den norske Bank	· 21.9	2.9	1.9	Dec 1994
Christiania Bank	17.A	2.5	1.5	Sep 1994
Den Daneke Bank	56.4	1.8	1.8	Jun 1994
Unidanmerk	34.9	2.8	1.5	Dec 1994
Source: Company reports				

by Norwegian commercial banks. branch in Finland and Norway Sweden's Handelsbanken has and Den danske Bank plans simigrown especially fast in Norway where it now has 12 "street level" branches and ranks as Norway's sixth largest bank by assets. Mr Magnus Uggla, Handelsbanken's head of international operations, says with growth opportunities narrowing in Sweden, cross-border expansion is a natural response. "We want to establish ourselves firmly in all the Nordic countries, offering a complete range of banking services, both corporate and personal."

Handelshanken's rivals have been more cautious so far, but SE Banken has opened a corporate

and Den danske Bank plans simi-lar moves in Stockholm and Helcited by Finland's KOP and UBF when they announced their merger. "We see them as serious competitors," says Mr Carl-Johan Granvik, to be head of corporate banking in the merged bank. "We want to be stronger to resist the invasion by these rivals."

In Sweden and Norway it has become commonplace to declare the banking crisis over. But there remain unresolved questions. This year should show how well the big Finnish merger can be made to work; whether the Nor-

wegian government will stick to its determination to retain control over its main banks; and see tor of Sweden's Nordbanken. It may take longer for the Nordic banks to prove a full recovery. "My feeling is you cannot really judge their asset strength until they have been through another recession," says Mr Peter Thorn, north European banking analyst at Paribas. "They will not fully recover their standing until they have been through another

cycle without sustaining another

appalling round of losses." SE Banken and Swedbank

results, Page 22

# Merrill Lynch leads offer for Israeli telecoms group Bezeq

By Julian Ozanne in Jerusalem

Merrill Lynch, the US-based global investment house, has won Israel's hotly contested race to lead the global stock offering of 25 per cent of Bezeq, the state-owned telecommunications company. The global offering, expec-ted in June or July, is worth up to \$650m and will be Israel's big-

gest equity issue.

It is a flagship of Israel's privatisation programme and could stimulate US and European investment in Israeli companies. The public offering will reduce the government's stake to 51 per cent and the money raised will pay back part of Bezeq's debt to the government.

Mr Yossi Nitzani, director of tha government companies authority, said Merrill Lynch, the world's leading underwriter Bezeq would take precedence

of international equity issues, had been awarded the role alone. over a global stock offering of 22 per cent Israel Chemicals. He "Wa discussed joint leadership long and deep and we came to tha conclusion it was very important for us to have one address," he said. Israel also brushed aside con-

cerns expressed by international bankers that Merrill Lynch is already committed as joint lead co-ordinator for the global offering of a third of Portugal Tele-comm in May.

Mr Nitzuni said there would be

a dedicated tranche of stock offered to Europe and possibly one exclusively for the UK and another for Europe and the rest of the world. Bankers have predicted that 50-60 per cent of the stock will be sold in the US. Mr Nitzani also rejected specu-lation that the global offering in

said Israel Chemicals would be sold in March with a final pricing in New York completed by early April. Lehman Brothers are the lead co-ordinator for the Israel Chemicals offering.

Bezeq reported revenues of Shk5bn in 1993 and net profit of Shk283 (\$93.7m). Operating income for the first nine months of 1994 to September was Shk139m, a decline of 16 per cent over the same period in 1993 due to tariff reduction and high wage

Merrill Lynch was chosen over 11 other firms including Salomon Brothers, Lehman Brothers, S.G Warburg, Smith Barney Shearson, Goldman Sachs and Wertheim Schroder. Morgan Stanley is advising the govern-

# Key alliances.



Marie Brizard et Roger International S.A.

has acquired control of



BERGER SA

through a public tender offer

Marie Brizard was advised by

Société de Banque Suisse (France) S.A.

February 1995



CS Fox But

The results, at the upper end of analysts' forecasts, boost the claims of Kisinwort's manage- the year to December 31 were the National Lex, Page 20

ment that it is a successful independent entity. "We are not seeking suitors," said Lord Rockley, chairman.

'Resilient' Kleinwort slips 5%

Kleinwort Benson the UK-based investment bank, reported "resilient" pre-tax profits of £97m The bank said that Kleinwort did not need either a backer or to go "head on" against the largest US investment banks. "I don't (\$151.6m) in 1994 from continuing operations, down 5 per cent, in the face of difficult market condibelieve the world is going to be Investment banking activities dominated by four to five Ameriproduced pre-tax profits of 2619m, contrasting with recent can houses and no one else is

going to get any business," Lord Rockley said. Kleinwort demonstrated its confidence with a 16 per cent dividend increase to 21.5p in spite of

a 4 per cent fall in earnings per share to 53.9p. Dividend cover fell from 3 to 2.5. Kleinwort said it would let the ratio fall below 2 before re-evaluating its dividend policy.
The group's pre-tax profits for

depressed by dealing operations where net income fell 58 per cent to £43.3m in "difficult market conditions

Kleinwort said it had a good year in UK and continental gov-ernment bonds but trading profits in equities had proved particularly hard-earned. Analysts were impressed, how-

ever, by a 16 per cent increase to £291.2m in net fees and commissions from advice on mergers and acquisitions, privatisation, investment management and other businesses.

This year it can bank on fees from Cadbury Schweppes's acqui-sition of Dr Pepper of the US. It is also joint co-ordinator of this year's share sale in the UK electricity generating companies and the National Grid.

#### INTERNATIONAL COMPANIES AND FINANCE

Warburg to

be joint lead

on SKr1bn

Lindex deal

By Nicholas Denton in London

and Christopher Brown-Humes

The flotation of Scandinavia's

leading lingerie supplier has

given S. G. Warburg, the UK

investment bank, the chance

to show that defections have not damaged its ability to

mount international equity

Lindex, the Swedish clothes retailer, yesterday launched a global offering of shares

expected to raise more than

SKribn (\$136m). Mr Hans Johansson, Lindex

managing director, said that

between 60 and 80 per cent of the company would be sold,

roughly divided between

Swedish and overseas inves-

# **Property write-off drives** SE Banken into the red

"act of strength" that would

By Hugh Carnegy

Skandinaviska Enskilda Banken, one of Sweden's leading banks, yesterday reported a surprise loss in 1994 after writing off a large part of its distressed property holdings. The write-off was aimed at finally putting the loan-loss crisis of the early 1990s behind

SE Banken, which had been expected to announce a sharp improvement on the 1993 operating profit of SKr679m (\$92m). ed an operating loss of SKr701m. Tha deficit was blamed on a special SKr4.3bn write-down on the value of property boldings it was forced to take over during the crisis, which came on top of loan losses of SKr5.1bn. It portraved the move as an

help it shed more quickly the lingering effects of the banking The result before the special

write-down was a profit of SKr3.6bn, chiefly attributed to a 50 per cent fall in "regular" loan losses from last year's SKr10.2bn. The bank said it was restoring its dividend for the first time since 1991, payin**g SK**r1.50 a share.

However, SE Banken shares closed SKr2.2 down at SKr41.7. The bank said the special write-down resulted from restating its distressed property boldings at current market values. The value of its total property holdings is estimated at SKr15.6bn, down from SKr19.9bn. These are being grouped in a special subsidiary called Diligentia. The bank had intended to

wind down Diligentia over as many as 10 years. However, it now intends to dispose of Diligentia within two years.

More than SKr50bn in property assets is now held by the banks and the state as a result of the hanking crisis.

SE Banken's underlying operations showed a reverse from 1993, partly because of lower lending volumes and squeezed interest margins. Profit before credit losses was down more than 19 per cent at SKrs.7bn.

There was also a SKr862m ficit on the bank's bond portfolio value at the end of the year, against a SKr580m surplus at the end of 1993.

Under Swedish accounting practice, this does not affect the operating result – although

> Warburg's equity capital markets group is acting as joint global co-ordinator in its first transaction since the department's two co-heads left for jobs at Morgan Grenfell

> > The departure of Mr Maurice Thompson and Mr Michael Cohrs was seen by other investment banks as a blow to Warburg's capability in the important area of international equity issues.

It contributed towards the ignation of Lord Cairns as chief executive last weekend. Warburg has appointed Mr Denys Firth, a debt market specialist, as the new head of the equity capital markets

S. G. Warburg is sharing the global co-ordinator's role with Handelsbanken Markets of

the Stockholm stock exchange

lingerie, is only the second big Swedish retailer to come to the

Under the terms of the the chain, which attracts 70m accord, the company will, over the next three years, drop the stomers each year. the name "champague" from the perfume it launched two

#### Statoil shrugs off weaker prices Statoil its first long-term debt ratings of Aa2 and AA+ respecting result was partly offset by ratings of Aa2 and AA+ respecting performance of the control Statoil, the Norwegian state oil

company, yesterday reported record net profits of NKr5.4bn Ms Brit Rugland, senior vice-president, said the dollar (\$818.2m) for 1994, as a big rise in crude oil production offset the effects of weaker oil prices.

was worth NKr6.74 at the end of 1994, down NKr0.75 on the previous year's close. Last year the group made prof-Group operating profit rose to NKr14.3bn from NKr12.4bn The figures were also bolstered by net financial gains of

in 1993, as sales advanced to NKr83.6bn from NKr81.1bn. Pre-tax profit jumped to NKr16.9bn from NKr11.98bn Three out of the four main business areas posted improved profits in 1994. The exception was refining, which suffered from depressed mar-

kets and sharply lower mar-

gins. However, the weak refin-

mance. Operating profits in refining and marketing for 1994 were cut by NKr100m to NKr166m, with sales remaining nnchanged largely

Exploration and production maintained operating profits of NKr8.7bp on unchanged sales of NKr23.4bn: a fall in the average per-barrel oil price, to \$15.80 from \$17, was offset by a rise in oil production, to 449,000 barrels a day in 1994 from 414,000 in 1993, and an NKr800m reduction in operat-

Natural gas lifted operating profit by NKr650m to

NKr500m to NKr8.7bn. Oil trading and shipping nearly doubled operating profit, to NKr801m from NKr435m, as sales jumped by NKr5.6bn to NKr65.2bn, helped by a 16 per cent increase in oil traded, a rise in LPG sales and firmer

freight rates. Petrochemicals operations, which incurred a NKr423m loss in 1993, returned a profit in 1994. The unit was spun off in 1993 into a separate company, in which Statoil retained a 50

per cent stake. The group is proposing a dividend of NKr1.61bn to the state, more than three times the NKr500m paid in 1993.

**SMH** blames

currency for

29% decline

SMH, Switzerland's leading

watchmaking group, suffered a 29.5 per cent slide in consoli-dated net income last year to

By Ian Rodger in Zurich

# Swedbank posts first surplus

By Hugh Carnegy

A big fall in credit losses and one-time capital gains belped Swedbank, the biggest Nordic bank by asset value, swing into profit in 1994.

This is the first time it has posted a full-year surplus since was formed in 1992, at the helght of the Swedish banking

savings bank foundations, moved to an operating profit of dicted a further improvement

The bank declared its first dividend, of SKr1.75 a share. The turnround was chiefly attributed to a 68 per cent fall in loan losses, which dropped to SKr3.8bn from SKr11.7bn in

The reduction brought the level of loan losses down to 0.9 per cent of total lending, against 2.8 per cent last year. Gross problem loans fell 31 per cent, bnt still stood at

in profitability in 1995.

However, the underlying fall

lending volumes, and a SKr186m reduction in the

Portuguese bank shuns takeovers

BES blamed the fall on a

Capital gains of SKr1.9bn from asset sales during the year bolstered income, which still slipped 2 per cent to SKr16bn from SKr16.3bn.

m income was much greater due to a 9 per cent decline in net interest income, to Swedbank blamed reduced interest rate margins, lower

The aim is to list Lindex on

Lindex, which sells women's and children's wear as well as

market, after Hennes & Maur-The company said the listing was aimed at providing it with greater flexibility to develop

Expansion will allow it to exploit growing sales of lingerie and further lift its market

# Hafslund Nycomed slips

its of NKr8.4bn.

NKT2 2bn, against charges of

NKr700m in 1993. Last year's

gains reflect a reduction in

dollar liabilities on the back of a significant decline in the dol-

The announcement coincided

with Moody's and S&P, the US

credit rating agencies, giving

lar/krone exchange rate.

Hafslund Nycomed, the Norwegian group best known for its radiology products, suffered a drop in 1994 pre-tax profit, to NKrl.31bn (\$197m) from NKr1.57bn a year earlier. The company blamed nonrecurring financial charges of NKr209m, compared with gains of NKr37m in 1993. The charges resulted from an increase in debt following the June acqui-sition of the diagnostic imaging business of US-based Ster-

ling Winthrop. Hafalund said there were restructuring costs of NKr90m

Yves St Laurent the perfume

manufacturer controlled by

pharmaceuticals group Sanofi esterday announced a final

settlement in its long-running

dispute with France's cham-

The agreement, after months of litigation, follows moves by

champagne producers to

prevent their name from being

used by the company as the

brand of one of its top-selling

perfumes and associated prod-

pagne producers.

in the fourth quarter connected with the acquisition, and a further NKr47m for consolidation of US inventory

It is allocating NKr350m for restructuring in 1995. However, it said that this year it should begin to benefit, by NKr500m. annually, from the acquisition. Group sales rose to NKr7.15bn from NKr5.77bn es operating profit, befora research and development costs, rose alightly to NKr2.43bn from NKr2.27bn. R&D costs rose by NKr118m to NKr856m as a result of the Sterling acquisition.

Champagne perfume row settled

ennes of FFr400m (\$76m), up

from FFr200m the year before.

created the "champagne" per-fums aimed at "active, spirited women" in 1993, before the

company was acquired by San-

off, which is in turn controlled

However, its use was quickly attacked by the institute that controls the use of the cham-

pagne name and by the leading

trade organisation for produc-

ers. They successfully brought

actions demanding the com-

Switzerland and Germany.

pany drop its use in France,

The settlement, believed not

to have involved any financial

payment, came when the pro-ducers were threatening to

by Elf Aquitaine.

Yves St Laurent personally

Hafslund is proposing a dividend of NKr4.40 a share, unchanged from 1993, but is giving shareholders the choice of a cash or share payment. The shares will be priced 15 per cent below the average price on the Oslo bourse during the two-weeks before the

annual meeting on May 23. Separately, Hafslund is seeking an international partner to take a 10 per cent stake in its energy businesa, which it wants to expand. In 1995, the business boosted sales to NKr1.02bn from NKr711m. Operating profit dipped to

already been dropped in

France and Switzerland, and

will cease to be marketed in

Germany in June this year, with withdrawal from the

shelves in October. In other

countries, the brand can still

be marketed as "champagne"

Mr Jean-Paul Léon, execu-

tive vice-president for adminis-

tration and finance at Sanoff,

said yesterday: "We are very

pleased with what we think is

a very good settlement for both

sides. Our discussions over the

past few weeks have been very

He said the company would continue to sell the "cham-

until 1998.

friendly.

SFr315m (\$247.2m). its first profit decline in a decade. Directors are recommending that dividends be cut from 20

per cent to 17 per cent, even though cash flow remained a healthy SFr450m last year. Consolidated sales fell 7 per

cent to SFr2.66bn, but sales volumes of watches and movements rose 11 per cent. SMH bearer shares, which have lost nearly half their value since mid-1993, fell SFr18

to SFr667 yesterday.

The group blamed the nega tive effects on margins of a high Swiss franc for most of

the drop in sales. Many analysts, however, suspect that the flagging sales potential of the high-volume Swatch product line is the real culprit. "We want to know what the

group thinks is the outlook for Swatch over the next 24 months," Mr Frederick Hasslauer, analyst with Bank Sol Oppenheim in Zurich, said, SMH, controlled by Mr Nicolas Hayek, said its prices in local currencies "have mostly been maintained". This policy led to reduced profit margins in Swiss franc terms, but allowed the group "to increase market share almost every where, except for Swatch in

#### SKr31.7bn, including proviaccrued value of its investment SKr4.06bn (\$551m) from a loss in 1993 of SKr3.66bn. It presions for anticipated loan portfolio.

Banco Espírito Santo vesterday reported a 12.8 per cent fall in net income to 1994 to Es17.6bn (\$112.8bn). However, the bank said it would not respond to the weakening profit growth through acquisition-led expansion, in the way Portugal's other big banks had done.

Pending takeover bids will if successful; create three banking groups controlling 65 per cent of total banking assets. This will leave BES as the fourth largest bank, but with an asset share of only 8.9 per

Mr Ricardo Espírito Santo Salgado, BES president, questioned the wisdom of making acquisitions when the recession was still hitting income. He said BES had ample room for organic growth.

However, one Lisbon broker said further restructuring at the bank had left it with limited resources for outside

The fall in net consolidated

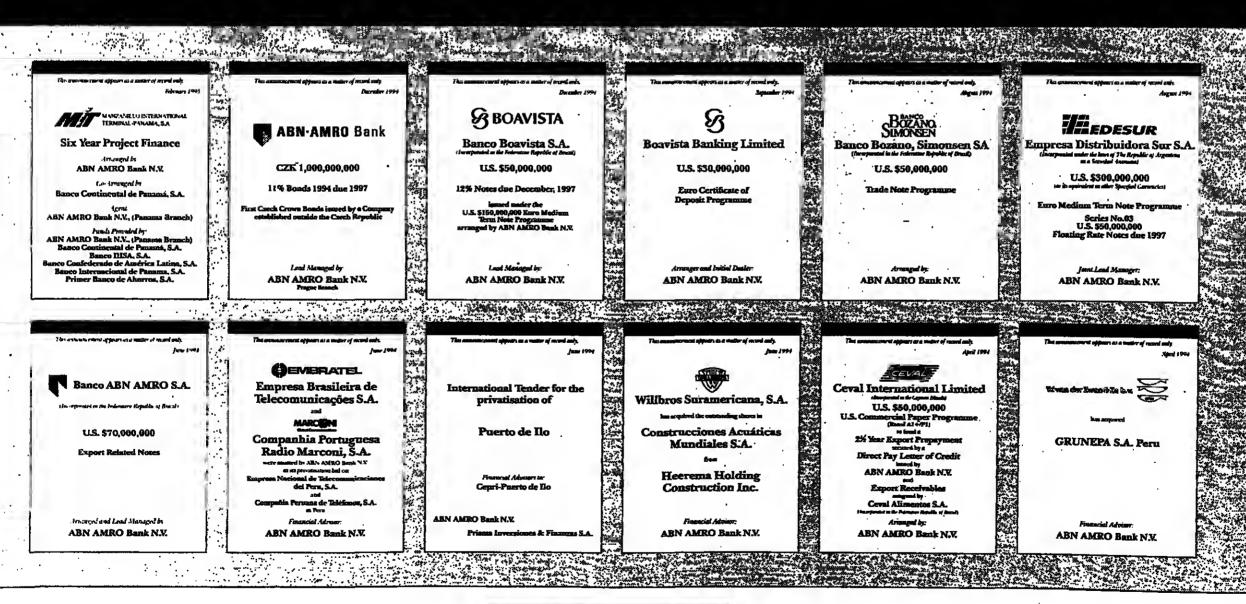
profits was higher than market

expectations. However, it was

in profit growth for the sector. where tough competition is reducing financial margins and exposing banks to greater risks from bad credit.

reduction in its average financial margin, tha difference between rates for raising and lending funds, from 3.95 per cent in 1993 to 3.66 per cent in forced increased provisions against non-performing loans. It declared a 1994 dividend of Es150, against Es168 in 1993.

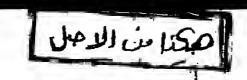
pagne" perfume after 1998 but would davise another name years ago. Last year, the per-fume generated worldwida revbring similar legal action in other countries. that captured its character. . . . the US". Corporate finance has always been one of our skills in the emerging markets. Now we have made it an art.





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Recommendations alone don't spark ideas. It's the analysis behind them that d

At J.P. Morgan Securities Ltd., when we analyse a company, we go far beyond a chat with the finance director and CEO. We tear apart balance sheets. Ferret out hidden risks and opportunities. Talk with employees, customers, suppliers, distributors.

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#### PAN-HOLDING

Société Anonyme - Luxembourg R.C. Luxembourg B 7023

7 PLACE DU THEATRE, POST OFFICE BOX 408, L-2014 LUXEMBOURG TELEPHONE: (352-46 24 01/46 24 02) TELEFAX: (352-46 25 27)

Further to the changes, adopted on December 28, 1994, to the status of the Company and its capital structure, shareholders are informed that the old share certificates will be exchanged against new certificates from March 13, 1995 onwards.

Holders of bearer shares may take this opportunity to request conversion of their bearer shares into registered shares. The holding of certificates for registered shares confers among others two advantages to the shareholders: registered shares confers among others two advantages to the shareholders: registered shareholders may more easily follow the evolution of the Company's life, as they will receive on a regular basis all the documents designated for them; when a dividend is declared, the amount due will be directly paid to them on the ex-coupon date.

The Company will automatically issue and send all the registered shareholders a simplified shareholder confirmation. At the request of the shareholder, the Company will issue certificates for registered shares.

The new certificates for bearer shares will be available in denominations of one, one functied and five hundred shares, each certificate having a sheet of 30 coupons numbered from 1 to 30 attached.

Shareholders are requested to tender their old certificates for bearer shares against certificates for new shares of US\$ 50.- par value, specifying the denominations they want, at the following banking institutions.

BANQUE GENERALE DU LUXEMBOURG, Principal bank in charge of the operation, 27 AVENUE MONTEREY L-2163 LUXEMBOURG

**CREDIT LYONNAIS** VALEURS ETRANGERES **DEPOT FRANCE 4730 OPERATIONS SUR TITRES** 10-14 CHEMIN DU THON F- 26010 VALENCE CEDEX

**BANQUE DEGROOF** 44 RUE DE L'INDUSTRIE B- 1040 BRUXELLES

SOCIETE DE BANQUE SUISSE **LOWENSTRASSE 49** POSTFACH 416 CH- 8021 ZURICH

MIDLAND SECURITIES SERVICES CLIENT DELIVERY MIDLAND BANK PLC MARINER HOUSE PEPYS STREET GB- LONDON EC3N 4DA

THE CHASE MANHATTAN BANK, N.A. INSTITUTIONAL TRUST ADMINISTRATION 4, CHASE METROTECH CENTER 3RD FLOOR USA-BROOKLYN, NY 11245

The stamped share certificates presently in Issue will not be good delivery at the Luxembourg Stock Exchange and at the Hors Cote Etranger in Paris from April 13, 1995 onwards but may always be exchanged at the above-mentioned banking institutions. Old share certificates tendered directly to the Company, in relation to a repurchase, will still be accepted.

As in the past, Pan-Holding shares will continue to be listed on the Luxembourg Stock Exchange and at the Hors Cote Etranger in Paris. The Luxembourg Stock Exchange price is published in the local press and on the Reuters screen under code 005528968X.L.U.

The net asset value per share, the repurchase and the sale price per share, determined by the Company on each Wednesday, are available at the registered office of the Company on each Thursday and are published daily in the Financial Times under the heading "Offishore and Overseas Funds - Luxembourg

On February 15, 1995, the net asset value was US\$ 321.95, the repurchase price US\$ 320.34, and the sale price US\$ 323.56, per share of US\$ 50 per value.

THE BOARD OF DIRECTORS

#### Notice to holders of

KURARAY CO., ITD.

(the "Company")

Warrants to subscribe up to ¥19,290,000,000 for shares of common stock of the Company Issued In conjunction with U.S.\$150,000,000 2 ¼ per cent. Bonds due 1996 (the "Warrants 1996")

Warrants to subscribe up to ¥22,400,000,000 for shares of common stock of the Company issued in conjunction with U.S.\$200,000,000 1 ½ per cent. Bonds due 1998 (the "Warrants 1998")

Pursuant to Clause 4(C) of each of the instruments of 6th August, 1992 relating to the Warrants 1996 and 27th January, 1994 relating to the Warrants 1998, it is notified to you that:

1. The Board of Directors of the Company, at its meetings held on 24th January and 1st February, 1985, resolved to issue concurrently U.S.\$100,000,000 4 ½ per cent. bonds due 1999 with warrants and ¥15,000,000,000 convertible debentures due 2002 on 9th February, 1995 with both the initial subscription and conversion prices of ¥1.036.00 per share.

The current market price of shares as calculated pursuant to the relevant provisions of the aforesaid instruments during the 30 day period from and including 24th November, 1994 to and including 9th January, 1995 was ¥1,187.00 per share. 2. The aforeseid issues resulted in adjustments to the subscription prices per share

of the Warrants 1996 and the Warrants 1998 as follows: the Warrants 1996 Subscription Price before adjustment: \$ 957.00 Subscription Price after adjustment: \$ 948.20

Subscription Price before adjustment: ¥1.077.00

Subscription Price after adjustment: ¥1,067.10

The aforesald adjustments took effect as from 10th February, 1995, Japan time.

KURARAY CO., LTD. 1-12-39, Umeda, Kita-ku, Oseka, Japan by: The Fuji Bank and Trust Company as Disbursement Agent

17th February, 1995

#### Heron International N.V.

Notice to Non-Assenting Shareholders

Pursuant to article 25 of the articles of association of Heron International N.V. ("HINV")

An offer was made on 28 October 1994 by **HNV Acquisition Limited** 

(now Heron International Limited) ("HIL") for the entire issued common share capital of HINV ("Offer")

The board of directors of HINV having received written request from HIL that HINV redeem all common shares of 25p each in the capital of HINV which are not in the control of HIL as a result of the Offer ("minority shares") and having approved such redemption, HINV hereby notifies all holders of minority shares that, with effect from 90 days from the date of the publication of this notice ("90 day period"), all minority shares which have not by such date been assented to the Offer shall be redeemed by HINV at 8p (sterling) per share (being the same price as that offered to holders of common shares under the Offer) ("redemption price").

Any person whose HINV common shares shall have been so redeemed shall be entitled to claim his/her entitlement.

to the redemption monies on presentation of his/her certificate representing his/her holding and after establishing to the board of directors of HINV's satisfaction that such person was in fact a holder of such minority shares at is therefore entitled to a portion of the redemption momes. The unclaimed redemption monies will be placed in a Netherland Antilles Government deposit ("consignation as required by article 25 of HINV's articles of association. A holder of minority shares, who is or may be so entitled, may dispose of his/her minority shares during the 90 day period at the redemption price by connecting Netl Parsons at Heron House, 19 Marylebone Road, London NWI 5/IL, England and after the expiry of the 90 day period claim his/her entitlement to the redemption monies by contacting Antonio van Lomwel at HINV's registered office.

By order of the Board of Directors of Heron International N.V.

Registered Office: Knya W.F.G. (Jombi) Mensing 18, Willemstad, Cuzação, Netherland Antilles Dated: 14 February 1995

#### CITIBANK N.A.

acting through its Brazil Branch US\$70,000,000 Brazil Related Floating Rate Notes due August 17, 1997 Notice is hereby given that the Rate of interest has been fixed at 10.0625% and that the interest payable on the relevant interest Payment Date August 17, 1995 agoinst Coupon No. 2 will be US\$505.92 in respect of US\$10,000 nominol of the Notes. US\$5.059.20 in respect of US\$100,000 of the Notes.

February 17, 1995, Landon By: Cribank, N.A. (Issuer Services), Agent Bank CITIBANCE

#### TECT/ 350,000,000 Kingdom of Belgium Floating Rate Notes due 1999 lamed in two tranches of ECU 200,000,000 (at tranche) ECU 150,000,000 (End tranche)

an interest rate of % per samum with an interest amount of ECU 1,483.33 per ECU 100,000 Note.

BANQUE PARIBAS

# For the period from February E, 1995 to May 17, 1995 the Notes will carry

#### INTERNATIONAL COMPANIES AND FINANCE

# Renault unveils plant to speed launches

By John Ridding in Paris

Renault, tha French vehicles group, yesterday unveiled its Technocentre, a FFr6.4bn (\$1.22bn) design and devalopment plant aimed at increasing the speed and quality of vehicle launches.

Mr Louis Schweltzer, chairman of the state-owned company, said the facility should allow Renault to reduce the development times of new vehicles to about 38 months by the year 2000 and generate savings of between FFr1bn and

At present, a new vehicle launch costs between FFr4bn and FFr10bn, depending on the modal, and takes about 58 months

The Renault chief compared the Technocentre with similar plants set up by Chrysler of the US and BMW of Germany, but said it was a first for a European volume car manufac-

He said that by bringing together on one site all of the staff involved in the design and development of vehicles,

demands and improve the quality of the production process.

Until now Renault has operated in the traditional fashion which consists of conceiving of a product, making prototypes and then developing the indus-trial process," said Mr Schweitzer. From now on, each function will be conducted simultaneously, which will allow problems to be avoided and improved co-ordination in the development pro-

the company could respond and component manufacturers more quickly to market would work on the site in confunction with Renault teams. The plant, situated about

30km west of Paris, covers 360,000 square metres. Construction started last year and is due to be completed in 1998. Several of the main buildings

are nearing completion, how-ever, and the first prototype to be built at the site is expected to be unveiled by this autumn. When finished, 6,300 Renault staff, currently spread over 50 sites, and about 1,000 employ-

ees from partner companies

total land area covers 150 hectares and includes a 600m artificial river and three hectares of

The project was financed by a banking consortium which remains the owner of the site. From the year 2000, however, Renault has an option to buy the facility for an undisclosed sum. This is expected to be financed by the sale of certain sites at the company's Boulougne-Billancourt headquarters in the western suburbs of

### **Hewlett-Packard** delights Wall St

Hewlett-Packard yesterday reported stronger than antici-pated results for its first fiscal quarter and announced a two-for-one stock split and a divi-

The announcements surprised Wall Street, driving the company's share price to a new

H-P was trading at \$114 in mid-session yesterday, up from Wednesday's close of \$105%. The computer and electronics manufacturer reported a 64 per cent jump in net earnings and a 29 per cent increase in net revenue for the first fiscal quarter, which ended January

Net revenue for the quarter totalled \$7.3bn, up from \$5.7bn in the first quarter of fiscal 1994. Net revenue in the US was \$3.2bn, up 22 per cent, while net revenue from outside

Net earnings for the quarter were \$602m, or \$2.30 a share. This compares with earnings of \$368m, or \$1.42, in the same

period a year ago. The two-for-one split of H-P's common stock is effective March 24, the company said. The quarterly dividend on the common stock will rise from the current rate of 30 cents a share to 40 cents a share. After the stock split, the adjusted dividend will be 20 cents a

share a quarter. The company said that orders booked during the quarter by its computer busi-ness totalled \$6.1bn, a 26 per cent increase over the year-ago period, with demand strong in

all product categories.

H-P's test and measurement electronic components and medical instruments divisions also saw strong growth in

### Transamerica posts record fourth period

By Maggie Unry in New York

Transamerica, the US financial services group which last year paid \$1bn for the container leasing business of Tiphook, the UK trailer rental company, reported record earnings for the fourth quarter of 1994.

Life insurance, commercial lending and leasing were the main contributors to the strong performance. Mr Frank Herringer, president and chief executive, called

1994 an "excellent year" and said "1995 will be another good year for Transamerica". Fourth-quarter net income from continuing operations, but excluding investment gains, was \$109.4m, or \$1.37 a share, up from \$101.3m, or \$1.24. For the year, net income

The life insurance operation perpetual preferred stock.

reported operating profits of \$70.5m in the quarter, up 27 per cent from \$55.5m, and for the year showed an increase of 16 per cent to \$250.2m. The gain. was due to improved spreads and higher fees, and the growth of the annuity and special risk business, as well as an excellent mortality experience during the period. The Tiphook acquisition

boosted leasing operations, which increased fourth-quarter operating profits 16 per cent to \$18.5m. However, the rise in mortgage rates cut profits at the real estate services division, where operating profits fell to \$7m from \$23.2m.

During the year the group sold its mutual fund business for \$100m and its 21 per cent stake in Sedgwick, the UK was \$412.9m, or \$5.25, against insurance broker, and bought

### **Moore Corp sets out** plans for expansion

By Bernard Simon in Toronto

Moore Corporation, Toronto-based multinational business forms and information-handling group, is starting to broaden its horizons after an 18-month shake-up. Mr Reto Braun, chief execu-

tive, said yesterday that the company planned sequisitions as well as internal growth to meet its target of expanding revenues by 10 per cent a year. Moore posted earnings of US\$39.2m, or 39 cents a share, in the final quarter of 1994, compared with a loss of \$133.2m, or \$1.39, a year earlier. The 1993 loss was due to a

\$229m restructuring charge. Sales rose to \$629.8m from

Earnings for 1994 as a whole were \$121.4m, or \$1.22 a share, compared with a 1993 loss of

ings of about \$1.40 a share. excluding proceeds from the sale of the bulk of its stake in Toppan Moore, a joint venture with Japan's Toppan Printing. Costs rose at almost double

the pace of revenues in the fourth quarter, due largely to unexpected disruptions in clos-ing three US manufacturing plants. Sales volumes declined, partly as a result of a steep rise in paper prices. Moore has shut nine plants

in the past 18 months, and is in the process of closing another four. It has cut about 1,900 jobs and discontinued many unprofitable product lines.

Cash reserves are expected to rise to \$575m by the end of March, following the disposal of the Toppan Moore shares. Moore will receive \$350m from the sale, reducing its stake from 45 per cent to 10 per cent.

#### **Demand boosts Navistar** to \$23m in opening term

By Laurie Morse in Chicago

Navistar, the Chicago-based truck and diesel engine assem-bler, said a continuing surge in US truck demand lifted firstquarter net income to \$23m, or 21 cents a share, up 44 per cent from \$16m, or 12 cents, in the fourth quarter of 1994.

Revenues in the period to January 31 rose to \$1.42bn, from \$1.14bn a year ago. Rapid expansion in the trucking industry has pushed

Navistar beyond capacity, with the company adding shifts and extra workers. During the most recent quarter Navistar's shipments of trucks and school bus chassis rose 24 per cent to 25,500 units. Mid-range diesel engine shipments, primarily to nick-up trucks, rose 22 per cent in the period to 33,400 units.

Analysts said the high cost of meeting engine commit-ments to Ford dented Navistar's overall profit margins by about \$10m, or 8 cents a share, during the quarter, leading to disappointing earnings. Wall Street had expected Navistar to earn about 26 cents a share in the quarter.
The company told analysis

that reduced shipments to Mexico because of the financial crisis there would reduce aftertax profits for the year by about \$5m. Mr John McGinty, analyst

for CS First Boston, said that Navistar had ordered new duction costs in the second and third quarters. In spite of higher interest rates, Navistar Ford Motor for use in its and other trucking industry sources do not see a slowdown

#### **NEWS DIGEST**

cess." He said that suppliers

#### **Endesa profits** move ahead 13% to Pta132bn

Spain's biggest electricity supplier, the 65 per cent state-owned Endess, yesterday announced a 13.6 per cent increase in group net profits to Pia132.7bn (\$1.02bn) in 1994 from Pia116.8bn the previous year, writes David White in

The group, a candidate for further privatisa-tion, saw its turnover rise by 7.8 per cent to Pta811.5bn. This reflected growth of just over 9 per cent in its electricity production, giving it a 38 per cent share of the Spanish market. Endesa's total debts at the year end rose to Pta593.8bn from Pta531.5bn, but the higher fig-

reassistant from Pressistor, but the inghal re-ure included Pta88bn relating to companies newly incorporated in the group.

Last year, Endesa agreed to buy Pta56bn worth of assets from Sevillana de Electricidad. the sonthern Spanish producer, and to increase its stake in Sevillana to around 40 per cent by buying a 6 per cent interest from Banco Bilhao Vizcaya.

Under the deal it assumed full control of Eneco, a Cordoba electricity company, in which it had held 50 per cent. The agreement was part of a reorganisation of the Spanish

The company said its new acquisitions had enabled it to improve its production mix, increasing installed capacity by 11.9 per cent.

#### AT&T price cut sparks sector share fall

Another skirmish in the fight for customers between the three main US long-distance telephone companies was sparked yesterday when AT&T, the largest carrier, announced further price reductions, writes Maggie Urry. Share prices of the three fell in reaction, with AT&T stock down \$1% to \$51, MCI Communications \$1 lower at \$19% and Sprint also \$1 down at

AT&T said it was cutting consumer long-distance prices by a net \$230m, through a combination of \$650m of promotions and savings plan discounts partially recouped through a \$420m increase in other prices such as for directory enquiries. Consumers will be offered a "free-weekend" of long-distance calls and a 50 per cent cut in prices on weekend international calls to those who join a World

AT&T said it would next week file a 29 per cant price rise for business long-distance calls.

• Advisers to AT&T and LIN Broadcasting, the mobile telephone and TV company of which AT&T owns 52 per cent, have differed sharply over the valuation of the remaining 48 per cent of LIN still in public hands, adds

Tony Jackson in New York. The valuation may determine whether AT&T exercises its right to buy the ouistanding minority shareholding in LIN, which is valued at about \$3.6bn, or sells the whole

Morgan Stanley, the investment bank appointed by AT&T through its recently acquired subsidiary McCaw, has arrived at a private market valua for LIN of \$105 a share. Lehman Brothers and Bear Stearns, acting for LIN, say it is worth \$155 a share.

#### **Northrop Grumman** pushed deeper in red

Northrop Grumman, the US defence group, took pre-tax charges totalling \$324m in its fourth quarter, producing a net loss of \$121m. compared with a net loss of \$35m in the 1993 neriod, and a fall in net income for the year to \$35m from \$96m in 1993, writes Maggie Urry. Of the charges, \$282m related to an early

retirement programme as the group cut staff.

Earnings per share were 72 cents for the
year, down from \$1.99, and the fourth-quarter loss per share was \$2.45, against a loss of 73 cents. However, excluding the charges, and other one-off items in 1998, earnings per share would have been \$5 in 1994, compared with

Sales for the year were \$6.7bn, up from \$5.1bn, helped by the acquisition of Grumman in April and Vought Aircraft later in the year.

#### GiroBank tumbles to deficit of DKr642m

Denmark's GiroBank, partially privatised two years ago, suffered a loss of DKr642m (\$108m) in 1994, compared with a profit of DKr636m in 1993, writes Hilary Barnes in Copenhagen. The board recommended that no dividend be

The deficit at Denmark's fifth-largest bank was caused by unrealised losses of DKr1.04bn on its securities portfolio, which reflected the scored an unrealised gain on the securities portfolio of DKr379m.

Net interest income fell to DKr1.39bn from DKr1.79hn in 1993. Costs, however, declined to DKr1.72hn from DKr1.89hn and loss provisions to DKr48m from DKr99m. Total assets fell to DKr70.64hn from DKr89.11hn.

#### Rogers revalues holding in Unitel

Rogers Communications, Canada's biggest cable TV operator, has written off one-third of the value of its 30 per cent stake in Unitel Communications, the troubled Canadian long-distance telephone group, writes Bernard Simon. Rogers is considering whether to exercise an option on a 45 per cent stake in United held by Canadian Pacific. If it went ahead, Rogers would divide the CP shareholding with AT&T, the US telephone company, bringing Rogers' interest to 67 per cent and AT&T's to 33 per cent.

Rogers, which also has wireless and publishing interests, posted a loss of C\$126.1m (US\$89.84m), or 91 cents a share, last year, down from C\$182.4m, or C\$1.24, in 1993.

down from C\$182.4m, or C\$1.24, in 1993. Revenues climbed 68 per cent to C\$2.25bn. mainly due to last year's acquisition of Maclean Hunter, the cable-TV and publishing

#### KKR to cut stake in R.IR Nabisco

Kohlberg Kravis Roberts, the Wall Street investment firm, is to reduce its stake in RJR Nabisco to a smaller-than-expected 8 per cent as part of its agreement to buy Borden, the troubled US food group, writes Richard Tum-

Until recently KKR owned 35 per cent of RJR Nabisco – a legacy of its \$26bn leveraged buy-out of the tobacco and food group in 1989. But last September KKR announced plans to use its RJR Nabisco shares to finance the kins in New York.

takeover and restructuring of Borden.
Under the original plans; the total cost of the deal would have cut KKR's stake in RJR Nabisco from 35 per cent to 11 per cent. But yesterday, Borden said the portion of RJR shares sold to raise money for its restructuring originally 70m - had risen to 120m, so further cutting KKR'a stake to 8 per cent. With RJR Nabisco's shares trading at \$5%

yesterday, the sale of 120m shares would have been worth \$690m at open market prices. Borden said the net proceeds would be used to cut its debt and improve its financial condition. However, the move will be seen by Wall Street as further evidence of KKR's desire to withdraw from RJR Nabisco, which has proved to be a disappointing investment.

#### Loblaw sales, earnings better than expected

Loblaw, Canada's biggest food distributor, raised its share of the important Ontario mar-ket last year and turned in better than expected sales and earnings, writes Robert Gibbens

in Montreal. Net profit was C\$126.7m (US\$90.27m) or C\$1.51 a share, up 36 per cent from C\$93.4m, or C\$1.67, in 1993. Sales rose 7 per cent to C\$1.00n. Fourth-quarter profit was C\$42.4m, or 51 cents, up 62 per cent from C\$26.1m, or 31 cents, on sales of C\$2.40n, up 10 per cent.

All divisions contributed better results, said Loblaw, which is controlled by the Weston family. The 1993 results were adversely affected by a strike at its US grocery division. Western Canada's results were strong last year, but Loblaw is still struggling to improve performance in the maritime provinces. It expects net proceeds of C\$300m from the sale of its US division, to be used to reduce debt.

# **Teleglobe revenues**

**advance 16.4%** Telegiobe, Canada's overseas telecommunications group, had fourth-quarter operating revenues of C\$174m (U\$\$123.97m), up 16.4 per cent from a year earlier, with a 12.5 per cent growth in traffic, writes Robert Gibbens.

After special restructuring provisions, final net profit was C\$27.2m, or 37 cents a share, against C\$27.6m, or 43 cents, on fewer shares For all 1994, Telegiobe, 24 per cent held by

BCE, reported net profit of C\$90.9m, or C\$1.25. up from C\$71.9m, or C\$1.14, in 1993. Total revenues were C\$1.5bn, up 5.2 per cent.
Capital outlays, including its share of the Cantat 3 transatlantic fibre-optic cable now in service, were C\$233m against C\$310m in

#### **Nordic Investment** Bank lifts profits 53%

Nordic Investment Bank, the Helsinki-based bank jointly owned by the five Nordic countries, lifted profits by 53 per cent to Ecosem (\$78.46m) from Ecusém s year earlier, writes Christopher Brown-Humes in Stockholm.

It benefited from a 14 per cent rise in net interest income to Ecusion.

interest income to Eculi4m and an absence of loan losses. Only two loans, for a combined Ecu22m, out of a total loan portfolio of Ecu4.6bn were not being fully serviced, it

The bank said increasing investment activity in the Nordic region was reflected in higher demand for loans. Nordic loans totalled Ecu550m, pushing up total disbursements by 16 per cent to Ecu679m.

More than half the Nordic loans were made to manufacturing projects, led by the pulp and paper sector. But financing of infrastructure projects was increasing, the bank noted.

NUB retains a triple A credit rating, the only Nordic bank in this class. Lending is generally to Nordic customers or for projects with a Nordic interest outside the region.

#### Foster's seeks new opportunities for growth

Foster's Brewing, whose Courage subsidiary in the UK has been the focus of recent sale rumours, stressed yesterday that it was looking to new beverage-related investments, to take up the running from its more mature operations, writes Our Financial Staff.



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NOTICE OF A MEETING OF the holders of the outstanding

C\$100,000,000

9½ per cent. Notes due 1997 of the Corporation

(the "Noteholders" and the "Notes" respectively)

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to resign in any time without prejudice to the rights of the communitor or any member thereof in receive payment to respect of its expenses, dishuncements and compensation succlassing any payment to respect of any Neuclasider Indicating so that term is defined in the Canadian Dollar Agency, Agreement payable in respect of the period prior to the date of its respectation, and

13) directs that the powers and any constitution of the powers delegated under paragraph 12) above may be exercised at any taste and from those to time and the evertise of any one in more of such powers or any force of powers at any time of from time at time whall not be deemed to exhaust the rights of the committee to everyor such powers to powers to powers to power to

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131 resolves that any provision or principals of this Extraorations, Resolution which is resulted or uncontrocable in any jurnalization shall, as to such provision or principals and purelistics which is inclined to the extraoration of manifestation or uncontrocable with an extraoration or uncontrocable with provision or uncontrocable with provision at any other jurisdances.

Destile of the background to, and the reasons for, the proposed Estimated as the contained in the Information Memorandum, copies of a facilitate as matched for collection to the Section of the Facilitate and the property agents set out below title. "Lying Agents" Vincholders should note that their distinct property under the Section to the destination of the Lettershops Paradition. Additional information to relation to the involvency proceedings of the Corporation is contained in the Memory's report to readstor dated between 10, 100% a fact, which is also studyle to a collection in Neighbolders at the specifical offices of the Fixed Agent and the Paying Agents. If Neighbolders are as any doubt as to the action they should consult their professional advisor.

The attention of the Noteholders in particularly drawn to the quotum required for the Meeting which is set not at purposers ! it "Vising and Quotum" below Copies of the Canadian Dollar Agrancy Agreement (orcloding the Teron- and Canadianas) and of certain other relevant documents of the available for respection by the Noteholders at the specified offices of the Fre. of Agest and the Priving Agests set and below.

A Noteholder wishing to mend and wise at the Meeting for, if applicable to any adjourned Meeting in person must produce at such Meeting culture to the Notes in the Region of the Physics Agents relative to the Notes in the second region of the Physics Agents relative to the Notes in the second region wishing to titled and with an the Meeting Jor, if applicable to any adjourned Meeting to person may enter their the Notes of the contribution to the person of hour to a state of the Physics of the Phy

he order for a floatholder to write writing producing his Notes, at the Meeting, his Notes must be deposited with the Fiscal Agent or a Paying Agent as its the satisfaction of such Agent producing by the force of The quarms required at the Maching is two or more persons present holding "sortes in voting certaficates or being provides and holding on representing more than 50° in supprepate proceed amount of the Notes for the time pleing operationing. If a quarter is not present at the Maching, the Victoring will be adjourned for such present of time, being not less than 10 days not provide time of the Maching may determine and the Extraordinary Resolutions will be considered at such adjourned Machine. Notice of such an adjourned Mechine, before on the same master in this Notice. The quotient is such a subjection of the Machine and the Same master in this Notice. The quotient is such as subjection of the Machine and the Same master in this Notice.

the state manner as this Notice. The quotient at work are adjustment between white the international process and produce as the process and produced as a boar of launch makes a poll or doily demanded by the charassan of the Meeting; as by any Noticholder. On a poll restry person who is precise in persons in persons in process in persons and produced or better of working certificate or is a prove shall have use vote in respect of each CS1,0001 in principal amount of the Notes, we produced or represented by the voting certificate us produced or in respect of which he is a provey. On a store of hands every person who is no spect of which the latest of the deleters of one loss than the every latest of the principal amount of Notes represented at the Meeting and stand on a profit upon with resolution. If passed, the Extraordinary Resolution will be bridged on one loss than the "of the appropriat processing on it Notes represented at the Meeting and stand on a profit upon with resolution. If passed, the Extraordinary Resolution will be bridged on the literature of the stand of the extraordinary Resolution will be bridged on the literature of the stand of the extraordinary Resolution will be bridged or an above the order of the appropriate and whether or met coming for or against the Extraordinary.

FISCAL AGENT AND PRINCIPAL PAYING AGENT KAMBROS BANK LIMITED

BANQUE ET CAISSE D'EPARGNE DE L'ETAT LUXEMBOURG

KREDIETBANK N.V. l Place de Metz. L-2954 ).avembourg

This Notice is given, in its capacity as Fiscal Agent, by. Hambros Bank Limsed 4) Tower Hill London EC3N 4HA

February 17, 1995.

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER IMMEDIATELY.

#### **CONFEDERATION** TREASURY SERVICES LIMITED

(the "Corporation")

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NOTICE OF A MEETING OF the holders of the outstanding

£100,000,000

9% per cent. Guaranteed Notes 1997 of the Corporation

(the "Noteholders" and the "Notes" respectively)

NOTICE IS HEREBY GIVEN

that a marriang like "Menting") of the Noteholders convenant by the Fiscal Agent on the written request of the Corporation, acting by Deloite & Touche Lee, in manager and court appointed monitor of the Corporation (the "Manager"), will be held at The Conference Future. The Sedgwick Center, Colchester Street, off Whitechapel High Street, London E1 8000 on Wednesday Marris 15, 1993 at 11,00 a.m. (London

EXTRAORDINARY RESOLUTION OF NOTEBOLDERS

suffered to relatace thereon

1.01(5)

If the Fiscal Agent has received landwavery Distributions which it is not acquired to apply and pay to any committee approximate parameter to Article 8. Section 8.08(3) of this Agreement, or to the former necubers of any west committee or to a Reserve Account pursuant to Sections 5.01(2), 5.01(4) or 5.01(8) of this Agreement there:

1a) the Fiscal Agent will so snot to practicable sorify the Paying Agents of necespt by a of landwavery Distributions, entertains the measure possible to a Noncholder per Note in the denomination of 11,000 and to a holder of a Coupon appearancing thereto per Chapter in respect of such landwavery Distributions, enterly the Paying Agents of the accounts so psychile and the evidence which the Paying Agents of the accounts or psychile and the evidence which the Paying Agents of the accounts or a Noncholder or a holder of a Coupon before making payment and shall cause notice thereof to the Noteholder to be published on behalf of and as the expense of the Corporation in accordance with Condition 11. Any such calculation made by the Fiscal Agent shall, in the absence of manifest error, be descripted with the Fiscal Agent shall leave no Sability for any such actions, and

any compression or aroungscreet with any creditors or any creditors or any creditors or any contents or any co

ation obtained from any control or other legal advisors, accountails, apprisers, account or other experts or others and employ each assistance at may

considers necessary or destrable to connection therewise and

its resign as any time wishous projective to the rights of the committee or any member these of to receive payment as suspect of its expenses, disburscarens and compensation (including any payment in respect of any holebolder following) or that term is defined in the Starling Agency Agreement) payable is respect of the partial prior to the date of its resignation; and

[3] directs that the powers and any combination of the powers delegated water participals (2) above may be exercised at any time and from time to time and the exercise of any care or more of such powers or any combination of powers at any time or from time to time shall not be decread to exhaust the rights of the committee to exercise such power or powers or combination of powers at any time or from time to time shall not be decread to exhaust the rights of the committee to exercise such power or powers or combination of powers at any time or from time to time shall not be decread to exhaust the exercise of the committee to exercise.

Memorandum (which rates and series are incorporated by reference berein); and

[5] pursuant to the power to provide for payment of the begives and dishurements of and compensation to the committee appointed by this Excurdinary Resolution, anthroises the indemnification and bolding internals of, part onto in proportion to the principal amount of Notes held by each Notesholder, the present and feature members of the committee in expect of all has, fishility, domage, can or expense including, formula besitation, the costs and expenses of any action, soit, proceeding, domand, ancomment, judgment, enthermor or compromise relating themso and all internal, damages, then and persists and input fees and expenses incurred in connection therewith teollectively the "Controller Lichthins"); relating to or restricting from or arising out of any act or committee of the committee that the committee is a passe except such Convolutes Lichthins as are excessioned by the committee is good angiligates or excellent and bottler and controller than under this Notesholder Indicativity in the memor provided for to Article 3 of the Sarting Agency Agreement of an observate provided in pingapath 17) of this Extraordinary Recolution PROVIDED THAT the aggregate of the amounts psychic in respect of the successions and dishurements of and compensation poyable to the committee the committee and or later than Notesholder Indicativity shall not exceed the aggregate amount of Insolvery.

Descriptions: and

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and failure mentions on the communication and the Enterordinary Resolution which is invalid, prohibited or mentiorceptic in any jurisdiction shall as to with provision or paragraph of this Enterordinary Resolution or mentions and invalidate or mader prohibited or mentioned by the remaining provisions or paragraphs of this Enterordinary Resolution nor shall be invalidate or render prohibited or mentioning provisions or paragraphs of this Enterordinary Resolution nor shall be invalidate or render prohibited or mentioning provisions or paragraphs of this Enterordinary Resolution nor shall be invalidate or render prohibited or mentionicable such provisions in any other jurisdiction.

Meeting) in accordance with his instructions.

In order for a Nondocider to was authors producing his. Notes as the filectory, has Nones around be deposited with the Floral Agent or the Paying Agent or the out-facility of such Agent) held to go order or maker its control by Cedel or Eurocider or you other person approved by the Floral Agent or the Paying Agent or the deposited or giving confidence or giving voting instructions at respect of the Meeting, and Meeting of held will be released at the conclusion of the Meeting for any not less than 48 hours, prior to the time for leading the Meeting or, if applicable, may adjournment of such Meeting Any Notesh are deposited or held will be released at the conclusion of the Meeting for any adjournment of such Meeting) or upon surreader of the uting contificate(s) or the value conclusion of the value of the

BANQUE GÉNÉRALE DU LUXEMBOURG S.A. This Notice is given to its capacity as Fiscal Agent by: Banque Genérale du Lunembourg S.A. 27 averse Monterty L-295) Luxembrers

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER IMMEDIATELY.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

60 Veroria Embaskroeg London EC# 001

the for the purpose of:
receiving a report from the Monitor in to the status of the insulvency proceedings of the Corporation; and
receiving a report to the Noseholders from Union Bank of Switzerland ("USS" to to the status of the monitoring and, if through fit, passing the Extraordinary Resolution of Noteholders to the low, which will be proposed by USS Limited to its especity as a Noseholder in an Estraordinary Resolution; and
traorations much ferther and other business as may properly come before the Meeting.
Attentionary Resolution of Noteholders, as act out below, has been prepared by USS. The Corporation, the Mention and their Futch Agent and Phylog Agent fin defined below; make no recommendation either
or of or against the Entraordinary Resolution, and sone should be inferred by the Noteholders. in Consert of or spanned the Elementationary Recognitions, and some channels be inferred by the Josepholers.

EXTER/REDIALEM (ESSOLUTION OF NOTERIOLDERS)

WHEREAS 2(00,000,000 99 per cost. Coursanced Natus 1997 were insent by the following the property of the Control of the Part of

of the Corporation in accordance with Condition 11. Any such extendibility for any such actions and

(b) the Flacal Agent shall not and shall not be required to give and shall be decreed not to have given at any town any notification as Paying Agents portunat to Section 5.03(1) of this Agreement to the announces then the and payable shall be deemed to include such payable as Insolvancy Obstitutions.

5.03(6) Section 5.03(8) of this Agreement, the Flocal Agent shall pay from tend to the extend funds on a beld to) the Reserve Account the full amount of any vision from time or ridge in writing to the Flocal Agent by a committee appointed payaman to Article 8. Section 8.08(8) of this Agreement as being expand order any Noteholder Indomestry or in respect of the expectes and distinct contents of such committee than napadal. Any such payment shall be made not of the Reserve Account within two Benjaces Days of such certification of a chief, Such and from time to intercepting in writing that all or any part of the balance held in the Reserve Account the Corford Sent 1 is to the options of the contribute on the certification on writing that all or any part of the balance held in the Reserve Account the Corford Sent 1 is to the options of the contribute on the certification in writing that all or any part of the balance held in the Reserve Account the Corford Sent 1 is to the options of the contribute on the certification in writing that all or any part of the balance held in the Reserve Account the Corford Sent 1 is to the options of the contribute on the certification in writing that all or any part of the balance held in the Reserve Account the Corford Sent 1 is to the options of the contribute on the certification in writing and the payment and present and the certification in the certification in writing the Corford Sent 1 is to the options. The Fiscal Agent the English payment to the fiscal Agent the English payline in the certification of the certification of the payment to the fiscal Agent that the response payli

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2) appoints a committee partition to Article 8, Section 8.00(3) of the Surface Agency Agreement and delegates to such committee all of the powers which the Netcholden could cuertise by Extraordinary Resolution study Section 8.00(1) (b)). (c), (d), (d) and (i)), any one or combination of which powers may be contract from time to thire by the temperature, and in furthernous of such delegation authorizes the consistency for the following acts or things to the extent that they are included in or parameter the consistency of the following acts or things to the extent that they are included in or parameter the consistency of the Noteholders in initiating, participating to an endocring registration with any one or more purposes junctually, without fractions, any one or more excellent or parameter, fortunation to be a crofitor of the Corporation, or any stream excellent or parameter, fortunated, associated, approximate, provisional liquidator or any strains officer approximate (whether by a count or otherwise) as or over the assets of or in respect of the Corporation or Corporation (acts) for or in connection with:

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to examine and inspect the condition of the formation; and affairs and financial situation of the Corporation or Confederation Life and any other entities which the committee may reaction and to purpose, review and implement alternative realisation strategies for the collection or disposition of access of the Corporation or Confederation Life or other relevant entities; and

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from time to time; and
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Descriptions: and

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be shall direct, price to or as the same time as payments are made to such holders; and
be shall direct, price to or as the same time as payments are made to such holders; and
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Details of the background to, and the remone for, the proposed Estimontinary Resolution is consisted in the information Memoranders, expises of which are available for collection by Notcholders at the specified offices of the Forest Agent and paying agent set out below the "Paying Agent". Noteholders should note that their alternate recovery under the Notes may be affected by the territor of the Extraordinary Resolution. Attributed in relation to the insolveney proceedings of the Components in committee to the insolveney proceedings of the Components in the state of the Memoranders at the specified offices of the Forest Agent and the Paying Agent. If Noteholders are in any doubt as to the action they proceed counts their professional advance. The intention of Noteholders is particularly durant to the quorum required for the Meeting which is set out in prompting 2 of "Notice and Quartum" below.

The intention of Noteholders is particularly durant to the quorum required for the Meeting which is set out in prompting and Quartum Technology durant to the specified offices of the Flami Agent Copies of the Sterling Agent, Agent, including the Terms and Conditions) and of certain other relevant documents will be available for importion by the Noteholders at the specified offices of the Flami Agent and the Paying Agent, at our below.

VOTING AND QUORITM

A Nonetholder westing to strend and vote at the Meeting for, if applicable, at any adjourned Meetings in person and produce at such Meeting either the Note's or a valid woring certificate or valid voting certificate or valid voting certificate or valid voting to attend by the Freed Agent or the Paying Agent relative to the Note's in supercy of which he wastes to vate.

A Noteholder not wishing to attend and vote at the Meeting to: If applicable, at any adjourned Meeting; in person and voters in Note's in valid stands and vote at the Meeting to: If applicable, at any adjourned Meeting; in person and voters in the Stands of the Stands

adjustment of such ascenning or upon maximum and many the Meeting for may adjustment thereofy in convenient.

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Nonete is be-vive given to the Paying Agent. In accordance well Section 8.076.31 for the Section 12 for the Sect

FESCAL AGENT AND PRINCIPAL PAYING AGENT

27 avenue Monterey L-2951 Laxembourg

# Packer wants to control Fairfax

In Sydney

Mr Kerry Packer, the Australian businessman who has recently been building up his stake in John Fairfax, said yesterday he would like to con-

trol the newspaper publisher. Mr Packer said he believed it would be legal for him to hold a 24.8 per cent stake in the group, although this view would appear to contravene the country's media crossownership rules

A stake of 24.8 per cent would be just below the interst held by Mr Conrad Black, the Canadian publisher. Australia's medie cross-

ownership rules suggest that 15 per cent would be deemed a control" position, thus limiting Mr Packer's stake in Fairhas other TV interests in the country.

However, the rulings are not clear-cut. The Broadcasting Services Act suggests, for example, that control can exist above or below the 15 per cent level, depending on circum-



Mr Packer eppears to be attempting to argue that he would not be in e control position while Mr Black has e bigger stake and seats on the

Mr Packer's comments came amid fresh signs that his stake-building is continuing. He disclosed earlier this week that his stake had reached 16.4 per cent of Fairfax's equity if some tures were included. With further heavy trading in Fairfax shares yesterday, dealers suggested that Mr Packer's interest may now stand at about 17.5 per cent on a fully-

Mr Packer made his remarks in e rare TV interview, in the course of which he was asked if he thought the media crossownership rules were e joke. "They are certainly being Mr Packer, confirming that he would like to control Fairfax, claimed to be positioning himself so that he was on an equal footing with Mr Black if media ownership constraints in Australia were relaxed.

Mr Packer said he was manoeuvring himself so that, "if they [the rules] do go eway, I'm in a position to rough equity with Conrad Black to decide the future of ... John Fairfax"

Mr Black suggested last year that he would like the limit on his holding - restricted to 25 per cent under rules for foreign ownership of the media -raised to 35 per cent. However, date maintained the status

Mr Rupert Murdoch, who acquired e small stake in Fair-fax last year, is understood not to have been involved in recent

The Australian Broadcasting Authority is looking into the Packer purchases. Fairfax publishes the Sydney Morning Herald, the Melbourne Age and

#### Foreign investors set to buy into Satelindo

in Jekarta

Satelit Palapa Indonesia (Satelindo), an unlisted Indo-nesian satellite communications company partly owned by Indosat, the state-controlled international telecommunications group, is expected to sell a 25 per cent take to a foreign investor through an issue of new

Cable & Wireless of the UK Dentsche Telekom, France relecom and Nynex of the US are competing to buy into Satelindo. The Indonesian company was established two years ago and is emerging as a was listed in Jakarta and New York last year.

Indosat and Satelindo compete in handling international direct calls, but competition is limited to marketing tech-

niques rather than pricing. Cable & Wireless and Deut-sche Telekom are seen to be making the most aggressive pitches for the Satelindo stake. Negotiations between the vari ous parties are under way but a winner is not expected to be announced until mid-March. Satelindo is juintly owned by Telkom, the state-owned

iomestic telecommunications company, Indosat and Bima-graha Telekomindo, another Indonesian telecommunications group Next October, Satelindo

plans to launch the Palapa C-1 satellite from French Guinea through the European space Satelindo, which has been

given a licence by the government to own and operate Indonesia's third generation of satellites, known as Palapa C, said the satellite's footprint would stretch from Iran to Vladivostok and south to New In addition to operating sat

ellites and international direct dial services, Satelindo manages a mobile phone system. Analysis say it is likely that Satelindo will seek a stock exchange listing soon after it has teamed up with an inter-national telecommunications

#### Israel raises Shk850m from sale of property developer Clai group, Israel Corporation, owned by Mr Shoul Eisenberg. last week fighting to get Israel's parliament to approve

and the Renaissance Fund, a

\$158m foreign investment fund

of Israeli, Canadian and US

Azorim will own 50.1 per

cent of the company, Israsi Corporation 25.1 per cent and

Renaissance the remaining 24.8

The deal requires the

The sale of Housing and

approval of parliament and the

supervisor of monopolies.

The Israeli government said yesterday it had sold Housing and Development, a large state-owned property development company, to a consor-tium of private local and foreign investors for Shk850m

Mr Yossi Nitzani, director of the government companies authority charged with privatising state-owned companies, said the sale reflected the government's determination to increase the pace of privatisation this year.

Mr Nitzani said Housing and Development had been sold to a consortium comprising Azorim, a property company in the

deal received parliamentary approval on Wednesday. Goodman Fielder to NZ group sell Asian interest

Goodman Fielder, the troubled Australian food company, plans to sell its 63.78 per cent stake in Goodman Fielder Asia, a Singapore-listed company with interests in south-east Asia which range from distri-bution to ice-cream and cakes, for S\$191.9m (US\$128m).

The Sydney-based group said yesterday it had received an offer, worth \$\$2.42 a share, from a consortium of Asian

The principal investor in the consortium is Mrs Ir Endang Utari Mokodompit of Indonesia's Bank Pacific Also involved is SouthQuay,

e private Hong Kong-hased company, whose ultimate shareholders are Mr Wee Sin Tho and Mr Neo Hock Soon. As required under Singapore rules, the consortium will also

make e general offsr to remeining . minority shareholders in GFA. Goodman, which has been the subject of shareholder disquiet recently and seen a series of management and boardroom changes, stressed

that the sale did not mean that it was pulling out of Asia.
It said rather that managing an Asian growth plan through

optimistic the publicly-listed entity was not the best way to proceed. Goodman acquired a stake in

The business has been rationalised recently, and ade a pre-tax profit of S\$6.53m in 1993-94.

GFA, formerly known as Cold

Storage, in 1988, In 1993, Cold

Storage's retail operations were sold, and the name

About 85 per cent of the profits came from food distribution businesses in Singapore, Malaysia, Thailand

and New Zealand Goodman, which expects to show e very small net bnormal loss on the deal, added that its future focus in

Asia would be on snacks, fats and oils, and frozen Chinese It shares closed one cent lower at A\$1.27. Mr John Ralph, former

managing director of CRA, the large Australian resources group, has resigned from the board and will not now succeed Mr John Uhrig as chairman at the end of 1995, as previously announced. Mr Ralph will, however, have a consultancy agreement with the company, Personal reasons were cited for the decision:

up, eventually you will get to your goals," Mr Nitzani Development is the second large deal concluded this Mr Jonathan Kolber, joint month following the sale to Mr manager of the Renaissance Eisenberg of a 24.9 per cent Fund, said investors were pleased with the deal and the controlling stake in Israel Chemicals for \$230.3m. The company had been bought at a

the Israel Chemicals sales, said

thet in spite of continued oppo-

sition from workers and politi-

cians, the government was pressing ahead with its privati-

We are now seeing the

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sation programme.

# despite loss

Fay Richwhite, the New Zealand financial services company which its two majority shareholders want to privatise, yesterday said its balance sheet was strong in spite of reporting a NZ\$7.3m (US\$4.6m) loss in the first half, Reuter reports from Wellington.

The company added that it expected to return to profitability in the second

The group's main business units, comprising Doyle Paterson Brown and Securities Trading in New Zealand and the corporate finance divisions in New Zealand and Australia. were expected to perform to budget in the second six

"As a result, the company should trade profitably in the period to June 30 1995," it said, Plans to sell the Australian trading operation, which made a NZ\$2.7m loss in the period, were not realised because of an absence of buyers and the international downturn in securities trading.

Principals Sir Michael Fav and Mr David Richwhite plan to buy the 28 per cent of shares that they do not already own and privatise the company.

#### Swissair unit in takeover bid for Australian group

By Nikki Talt

A wholly-owned subsidiary of Swissair yesterday unveiled a takeover bid for M. S. McLeod, the listed Australian group which owns Downtown Duty Free, the country's largest duty-free retail business.

The offer of 90 cents a share values McLeod et A\$24.6m The Swissair offer comes just over e month after Lion City, e

private holding company owned by the Singapore-based Jumahhoy family, announced plans to acquire a 45.7 per cent interest in the Australian group. That offer was priced at 84 cents a share. The 12.5m shares were to be sold by a number of private

Hebrides Pty, the trustees of the estate of M. S. McLeod, Mr Henry Cross, and Blackberry Downtown Duty Free takes in off-airport outlets in big

cities and some city suburban

GROUP COMPANIES:

CREDIT SUISSE

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shareholders, including Outer

### Coles unveils plan to cancel most of buy-back shares from Kmart

Coles Myer, Australia's largest retailer, yesterday unveiled e three-part package to deal with the remaining 147.8m shares which it bought back last year from Kmart, the US retailer. The shares are equivalent to 12.72 per cent of Coles' equity

worth about A\$650m (US\$485m) et yesterday's About two-thirds of the shares will be cancelled. Coles said it would ask shareholders to approve e cancellation by way of selective capital reduc-

A shareholder meeting has been called for March 23, Mr Solomon Lew, Coles' chairman and its largest single shareholder, said the aim was to

tion for 95.6m shares, repre-

senting 8.23 per cent of its

cancel as soon as possible after A second tranche of 21.6m shares, or 1.86 per cent of the equity, will be distributed to

NOTICE TO THE HOLDERS OF US\$ 500,000,000 CS HOLDING FINANCE B.V.

4%% Snbordineted Convertible Bonds Due 2002 Cuaranteed un a Subordinated Basis by

and Convertible into Bearer Shares of,

CS Holding

(incorporated with limited liability in Switzerland)

Substitution of the Obligor

Notice is hereby given pursuant to clause 15 (B) of the Trust Deed

dated 19th November, 1992 (the "Priocipal Deed"). The Law

Debenture Trust Corporation p. L.c. (the "Trustee") has agreed to the substitution of CS Holding Finance (Guernsey) Ltd. (tho "Substituted Obligor"), being a Subsidiary of CS Holding ("the

Guarantor"), in place of CS Holding Finance B.V. (the "Issuer").

Under a supplemental trust deed dated 24th January, 1995 ("the

Supplemental Trust Deed") and with effect as of 31st December,

1994 CS Holding Finance (Guernsey) Limited has agreed to

be bound by the terms of the Supplemental Trust Deed, the Bonds and the Coupons as fully as if it had been named in the Principal Deed and on the Bonds and the Coupons as

the principal debtor in place of the Issuer. The Guarantor has agreed and declared that the obligations of the Substituted Obligor under the Supplemental Trust Deed are guaranteed and

indemnified in the same terms (with consequential amendments

as necessary) as the guarantee contained in the Principal Deed which shall continue to full force and effect and be fully valid

Save as expressly modified by the Supplemental Trust Deed, the

Principal Deed, the Bonds and the Coupons shall continue in full force and effect. The Principal Deed shall benefirth be

read and construed as one instrument with the Supplemental

Trust Deed and the Substituted Obligor will be deemed to be

named in the Principal Deed and oo the Bonds and Coupons as

the principal debtor in place of the Issuer and the Principal

Deed, the Bonds and the Coupons will be deemed to be modified

in such manner as shall be necessary to give effect to the sub-

Copies of the Principal Deed, the Supplemental Trust Deed and the Supplemental Agency Agreement are available for inspec-tion at the principal office of the Trustee (presently at Princes House, 95 Greaham Street, London EC2V 7LY) and at the

specified offices of the Registrer (presently at 56 Crand Rue, 1660 Luxembourg) and the Principal Paying and Conversion Agent (presently at Paradeplata 8, 8021 Zurich).

in relation to the Substituted Obligor.

Coles' existing abareholders in July via a fully-franked "buyback" dividend. Shareholders will receive one share for every 50 shares currently held Mr Lew said the number of shares handed out in this way was limited by the evailable

pool of franking credits. Coles said 30.55m shares will remain in a trust, and units in the trust will be sold to the Australian Mutual Provident Society, one of Australia's largest institutional investors, for A\$189m. Coles said that, aside for benefits which might arise from certain tax credits, this structure would have no other

The 30.55m shares represent 2.63 per cent of Coles' equity, the purchase of the units will mean that AMP's interest in Coles will rise to about 5.25 per cent.

Coles, which has been criticised on corporate governance grounds and for its flat profits performance in recent years. bought back a total of 276.8m shares - then equivalent to a 21.45 per cent stake - from Kmart last year, paying A\$4.55 a share. It has already cancelled one tranche of 129m

In a statement accompany

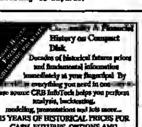
ing news of the disposal plans, Mr Peter Bartels, chief execu tivs, indicated that profits growth should be evident when the company announces interim results next month. "Profits for the first half are expected to increase ahead of sales when the company

he said. Last week. Coles reported e 6.7 psr cent improvement in sales in the 26 eks to end-January. Mr Bartels also said that further asset sales were imminent, although he gave no details. In November, Coles announced e A\$500m property

sals, involving a number of

announces its interim results,

retail and shopping centre Coles' shares rose 10 cents yesterday to A\$4.40.



Commodity Year Book, the 'bible' of the features industry. In addition to outmounty Xent moure, the course of the fastures industry. In addition to leal data, CRB Info?Cock also provides de c updates wis KR-Quote, Kright-Ridde software specifically designed to towards and lasport cost-of-day prices

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**DECLARATION OF DIVIDEND No. 36** The Trustees of the WorldInvest Income Fund are pleased to announce a final US\$7.50 per share distribution to Shareholders in respect of the halfyear period from July 1, 1994 to December 28, 1994. For holders of bearer units with accompanying coupons.

Coupon Number 36, and any previously unpresented coupons, may be presented for payment on or after February 1, 1995 to: BankAmerica Trust Company (Jersey) Limited,

PO Box 120, Union House, Union Street, St. Helier. JERSEY, Channel Islands JE4 8QE

For holders of registered units, the dividend will be distributed in accordance with individual mandating instructions in place.

Payments will be made subject to any applicable fiscal or other regulations within fourteen days of such presentation.

#### DECLARATION OF DIVIDEND No. 4

The Trustees of the WorldInvest Excelle Fund are pleased to announce a final £0.35 per share distribution to Shareholders of the Global Fixed Income Sub-fund in respect of the half-year period from July 1, 1994 to December 28, 1994.

The dividend will be distributed in accordance with individual mandating instructions in place and will be paid on February 1, 1995.

474 % CS Rolding Finance B.V. US\$ Bonds 1992-2005

Banco di Napoli

U.S. \$150,000,000

For the six months 16th February, 1995 to 16th August, 1995 the Notes will carry an interest rate of

6.6875% per annum with a cou-pon amount of U.S. \$336.23 per

U.S. 510,000 Note, payable on

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For CS Holding:

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W KOLON INTERNATIONAL CORP.

Notice to the holders of the outstanding U.S. \$20,000,000 1% Convertible Bonds due 2008

Kolon International Corporation

Notice is hereby given to the holders of the Bonds that the Board of Directors of the Company has passed through resolution dated November 21, 1994, authorising the Issue of 2,433,521 shares of its common stock to the holders of common stock and preferred stock by way of rights offering. The record date for such issue was December 31, 1994. Pursuant to the provisions of the Trust Deed constituting the Bond, the Conversion Price of the Bonds has been adjusted from Worl 16,026 to Worl 14,829 effective immediately after the company fixes the lesse price on February 4, 1995 but retroactively to immediately after the record date.

The Chase Menhattan Benk, N.A. for and on behalf of Kolon International Corp.

CHASE

In accordance with the standard conditions relating to the payment of dividend No. 94 declared on

17 January 1995, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R5.5364 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 14 February 1995, as advised by the Company's South

The United Kingdom currency equivalent of the divideod (No. 94) of 80 cents per ordinary share is therefore 14.44982 pence per share.

London Office and Office of United Kingdom Registrar: Goldfields Corporace Services Limited London SWIP LOH

15 February 1995

per pro GOLD FIELDS CORPORATE SERVICES LIMITED

S.J. Dunning

By order of the Board

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A DESTRUCT

#### **COMPANY NEWS: UK**

# Year-long search ends with appointment of former Westland chairman perty develope Year-long search ends with appointment of the property develope BICC names GKN man for top job

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BICC, the cables and construction company, yesterday ended a year-long search for a chief executive by poaching Mr Alan Jones - former chairman of Westland Group - from GKN, the motor components, industrial services and defence equipment manufacturer.

Shares in GKN, where Mr Jones assumed control of the defence businesses last year following the acquisition of Westland, fell 9p to 577p amid market fears that his departure could hamner its chances of could hamper its chances of winning helicopter orders.

BICC, by comparison, saw its shares climb 7p to 328p as analysts predicted the new chief xecutive would act quickly to strengthen the balance sheet and improve dividend cover. "He will have total responsibility for the day-to-day man-

agement of the business and I'm sure he will make an impact," said Sir Robin Biggam, BICC chairman. Mr Jones, who has signed a

two-year rolling contract worth almost £300,000 a year, was

By Diane Summers and

The last Saatchi walked out of

Saatchi & Saatchi yesterday as

Mr Charles Saatchi, life presi-

dent and co-founder with his

brother Maurice of the adver-tising group, left saying he

may sue the company for con-

This latest development

came as it emerged that Mr

Bill Mulrhead, the former head

of Saatchi & Saatchi Advertis-

ing North America, had

authorised a \$50,000 payment

to Mr David Burnside, the for-

structive dismissal.

considered a leading contender ing was unfortunate as we are to succeed Sir David Lees as moving into a crucial period in GKN chairman following his retirement at the end of next

Mr Jones said: "I'm delighted to be back as chief executive of a public company."
Initially, he will work closely

with Sir Robin, who last month signed a new three-year contract. The BICC chairman is expected to remain in a full-time role for only the next 12 months and could assume a non-executive function there-Such a scenario would make

Sir Robin, 56, a leading candidate for other companies, and analysts yesterday linked his name with BTR, the industrial conglomerate. "This gives him a greater opportunity to move on," said Mr Charles Burrows at James Capel. "I don't think Alan Jones would have come in otherwise."

News of Mr Jones' departure surprised workers at Westland, where he was leading negotia-tions on a £1bn Ministry of Defence order for its EH101 transport helicopter. "The tim-

mer head of public relations at

British Airways. The payment

came after executives in Saat-chi's London head office had

apparently not been willing to

authorise the payment. The

company has employed Grand-field, another public relations

consultancy, since 1990. Mr Charles Saatchi, who is

already lined up to take a 20

per cent stake in a rival agency

established by his brother, said

his position had been made "intolerable" because Saatchi

& Saatchi had named him in

He is likely to claim he is

Charles Saatchi departs and may sue

moving into a crucial period in the next couple of weeks on the EF101," said one company insider. However, Westland is still expected to win at least part of the MoD order.

Winning against stiff compe-tition from Boeing of the US would secure thousands of jobs at Westland's Yeovil plant in Somerset, and improve the export prospects for the EHIOL. Westland is also bidding to supply the British Army with £2bn of attack helicopters. It has the leading contender, the

US-designed Apache.

Mr Jones, who claimed he was the "leading spirit" behind bids to secure orders for the EH101 and Apache, admitted his move "may be a blow for GKN".

Sir David Lees played down the impact of the boardroom changes and pointed out that Mr Jones would remain with GKN until the end of March, by when the government is expected to have announced its EH101 decision. "I'm jolly sorry to be losing Alan, but orders

(\$1.55m) because his five-year

fixed-term contract, at £312,500

a year, has nearly four years to

run. He says he will try to set-

tle the matter amicahly, but

accepted his resignation and rejected claims for constructive

dismissal. One insider said:

"His resignation has saved

everybody a lot of trouble. His

position was becoming increas-

down as a director in Decem-

Mr Charles Saatchi stepped

ingly untenable."

The company said it

reserves the right to sue.



Alan Jones: contract worth almost £300,000 e year

GKN acted to fill the gap yes terday by appointing Mr David Wright, chief executive of spe-cial vehicles operations, to succeed Mr Jones as managing director of the aerospace and special vehicles division. Mr Wright, 54, has been credited

pany. His one official duty for Saatchi & Saatchi was to over-

see the creative work for Silk Cut cigarette advertising – an account which moved on

Wednesday to Mr Maurice

Mr Burnside confirmed ves

terday that part of the \$50,000

payment he received was for

public relations advice he had

given to Mr Maurice Saatchi

while he was still chairman of

the company. Mr Saatchi used

Mr Burnside as a consultant during the period April 1 to

Saatchi's new agency.

ucts and not about people," he armoured vehicle production and helping to secure exports, including a Kuwaiti order for 200 Warrior armoured vehicles worth more than 2500m.

Profits from such orders are

likely to contribute to GKN profits of about £200m for 1994. BICC is expected next month to announce 1994 profits up from £104m to £132m

**Albright** 

priced

at 150p

By David Blackwell

Albright & Wilson, the chemicals company heing

floated out of Tenneco of the

US, confirmed yesterday a flo-

tation price of 150p a share,

valuing it at £470.3m (\$729m).

ing to raise £600m from the

float, which is one of the last

big moves in its three-year

restructuring. Many in the

City of London felt that the

issue could have heen got

safely away at a higher price.

probably about 165p.
Tenneco suffered from a

combination of impatience and panic," said one fund man-

ager. "They were so far down

come back six months later

was no longer an option."

The price puts the company

on a prospective earnings mul-tiple of 10 – well below compa-rable UK companies such as

Laporte and Allied Colloids at

Tenneco said yesterday that

it was expecting gross pro-ceeds from the offering of

£520m, including £50m of divi-

dend. "Given the very difficult

market conditions for new

offerings when a number of

quality company flotations have been pulled back, we are pleased with the offering, and

with the substantial value cre-

ated at Albright & Wilson over

the past two years, which we will now realise," said Mr

Dana G Mead, chairman and

Analysts said that in current

market conditions the issue

had to be priced attractively.

They are expecting the shares

to rise strongly when dealings open on March 8.

operating profits for the year

to December 25 at £62.7m and earnings at 15.5p before excep-

Mexico, pre-tax profits are

forecast at £40.7m and earn-

chief executive officer.

about 13 times.

Tenneco was originally hop-

& Wilson

# Late surge of interest in generators' shares

a 20 per cent discount to the market. Against the chemicals sector - excluding ICI - it is at At this price, the deal is a steal,

tal performance.

More than 5 per cent of the British population has registered an interest in buying shares in the government's £4bn (\$6.20bn) sale of its stakes in the country's two largest electricity generators, National Power and PowerGen.

Mr Kenneth Clarke, the Chancellor, who yesterday launched the UK public offer, said 3.1m people had expressed interest in the offer through high street share shops.

The level of registrations so far had outstripped the 2.6m who registered at a similar stage in the sale of the third tranche of shares in British Telecom, he said.

Advisers to the offer said registrations had jumped sharply over the last week, following the public controversy

which erupted over the pay of chief executives, Mr Ed Wallis of PowerGen and Mr John will be set on March 6, after bids have been received from Baker of National Power. In the last week, 700,000 people had expressed an interest in

low rating

LEX COMMENT

Albright & Wilson
The low price set for Albright & Wilson's Tennaco

placing and public offer says more about the UK new issues market than the condition of

the chemicals company. The market is suffer-

ing a bout of indigestion, as shown by the two issues pulled last week.

That is not to say there are no doubts about

Albright & Wilson. The chemical company's

financial record is erratic, with its detergents

division posting lower operating profits in the

past two years. The timing of the group's \$58m investment in Mexico last year was unfortu-

nate and will necessitate large currency trans-lation losses. The chief executive and finance

director are due to retire within two years

leaving no obvious successors. And the group is embroiled in bigation over a significant US accident and its less than envious environmen-

That said, there is a tendency to exaggerate

companies' problems before an offer in order

to drive the price down. That has clearly hap-

pened during this issue. The 150p price is 22

per cent lower than originally expected. On a

price/earnings basis the group is being sold at

acquiring shares. There was a real surge at the end and the only thing we could put it down to was Ed Wallis's options," an adviser

Mr Clarke also unveiled a 10p discount to private investors on the shares, which will be paid for in instalments over three tax years. Institutions will pay 180p per National Power share and 195p per PowerGen in the first downpayment, against 170p and 185p for private investors.

The second instalment for both private and institutional investors will be 1700 for National Power and 185p for

institutions in the international offer.

a 30 per cent discount. Albright & Wilson has

its difficulties, but they do not justify such a

The only sensible conclusion is that the

owner, Tenneco, is so anxious to continue its

restructuring programme that it is walling to

conclude the sale virtually whatever the price.

The 10p discount is in addition to the retail incentives available to investors who recistered with share shops before February 14. They may opt for either a 25p discount on the first 800 shares allocated, spread over the second and third payments, or a one for 15 share bonus on the first

The public will be allocated at least 40 per cent of the 805.4m shares on offer, and possibly more depending on interest.

The government will decide later this month how much will be allocated to the public and how much is to go to insti-

### Norcros shares drop 18% after loss warning

materials and printing and packaging group, fell 18 pen cent yesterday after it warned of a loss for the full year, a dividend cut and a further

business reorganisation.

Analysis were taken aback at the latest bad news from a company which has disappointed on a number of occasions over the years. Mr Robin. Hardy, at Panmure Gordon, said: "We have heard before that the problems are under control. This undermines management credibility."

His sentiments were echoed by Mr Michael Rubie, at Credit Lyonnais Laing, who added: "We have been led to believe in the past that they have sorted out the problems, but they have hit the buffers yet again." Mr Michael Doherty, Norcros chairman, said a pre-tax loss

RESULTS

By Geoff Dyer

after provisions was expected in the year to March 3L Last Shares in Norcros, the building time the group made £17.1m

By Kenneth Gooding, Mining Correspondent (\$27m) profits on sales of \$378m. Mr Doherty added that "the final dividend, if any, will not be maintained" at its previ-

ous level of 3.5p.

Analysts had been forecasting pre-tax profits of about £18m, but were rapidly revising their figures after the company admitted that profits before provisions would be "not less than" £10m. The

shares dropped 17p to 80p. Mr Doherty said the problems were concentrated in the building products division, which would see "a marked reduction in profitability" from the £1.64m before interest it made in the first half. Analysts are now predicting a secondhalf loss of about £8m.

Mr Doherty said the group planned to "create a more focused structure".

(27.3 ) (8.53 )

(506.8 ) (164.8 ) (290 ) (215.8 )

30.8 13.6

35.8 32.7

469.7 158.6 199.3

nths to Dec 31 239.1 (215.8) - Yr to Dec 31 183.88 (251.82)

e cutter to Dec 31

Vr to Oct 31

Yr to Dec 31 Yr to Dec 61 Yr to Dec 31

### **Avocet Ventures to** seek London listing

entitled to more than £1m had little to do with the com-

Avocet Ventures, a mining and metals company that is con-centrating on a niche market tungsten - is to seek a full London Stock Exchange listing this year and will raise another £10m (\$15.5m). With a market value of more

than C\$120m, Avocet is one of the higgest companies listed solely in Vancouver. Many of its shareholders are based in the UK, with which two directors have connections: Mr Nigel McNair Scott, the chairman, is a former finance director of the Helical Bar property company, while Mr Jocelyn Waller, president, formerly worked for Charter Consolidated, the industrial group now called Charter.

Avocet also announced vesterday that it is to acquire processing and production facili-

23 0.2 14.75

Apr 13 Mar 31

May 6 Apr 4 Apr 6 July 18

Date of

Apr 24

Apr 5

2.05 nii 12.5 nii

5.4 0.55 1.81

(9.5 ) (0.6 ) (63.2 ) (10.4 ) (8.8 ) (4.2 )

ties at Bishop, California, from Strategic Minerals Corporation

Mr Waller said yesterday: "We have been lucky and suc-cessful and grown substantially, so that a number of our institutional shareholders have said we need to be quoted on a more grown up exchange." It was probable that a new company would be set up in

London to take over the Cana-

Mr Waller added that Avocet would also seek a listing in Toronto "because we don't want to loose access to the North American market."

Avocet now controls four tungsten mines, in Peru, Portu-gal and the US, and has become the higgest supplier and trader outside China, the leading producer, and the Commonwealth of Independent States. Avocet is also exploring for gold in Malaysia and Peru.

1.B

6.5

Total last

# **Price cuts behind** Wickes' 69% rise

By Neil Buckley

A programme of price reductions helped Wickes, the UK's fourth largest DIY retailer, buck the trend in the competitive market and heat expectations with a 69 per cent rise in 1994 pre-tax profits from

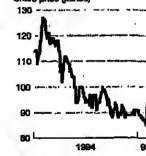
£17.8m to £30.1m (\$46.7m). Wickes cut prices on 1,000 of its 4,000 product lines last Jannary, and on a further 1,300 in March, before extending reductions across most of its range by the end of the year.

Its reward in the UK was a 12 per cent increase in like-forlike sales, excluding new stores, and a total rise of 34 per cent, much higher than com-

The shares rose Ip to 96p. and the market was cheered by an increase in the proposed final dividend to 1.3p, making a total for the year of 1.8p.

Closing date for the issue, which is expected to be over-subscribed, is next Friday. Group turnover grew 21 per cent to £733.6m (£608.5m), The prospectus estimates while operating profits increased 41 per cent to £36.6m (£26m). The net interest charge fell from £7.79m to £3.03m, but tional items. After charging pre-tax figures were depressed more than £20m for rationalis-ation, environmental costs and by a £3.6m (£695,000) charge for reorganisation of the Hunter exchange rate losses in and Malden timber businesses UK turnover rose from £515.5m to £636m with the con-

Wickes Stere price (pence)



Belgian and French stores higher at £97.6m, against £93.1m.

Operating profits in Wickes UK increased from £23.1m to £28.2m, and in Wickes Continental from £4.9m to £5.6m. Hunter Timher returned to profits with £2.3m, against a £1.6m loss. However, Malden, the timher merchants, increased losses from £4m to

Profits from the property development division were lifted from £3.5m to £5.8m. Earnings per share increased

33 per cent from 4.2p to 5.6p. Profits forecasts for 1995 of about £45m put the shares on a prospective multiple of

### ahead in N America

A Fisher

Albert Fisher, the food group, reported that its repositioning into growth areas was now almost complete and that some signs of improving market conditions were beginning to appear.

Overall trading was in line with the board's expectations. North America improved with generally firmer prices but margin pressures were affect-

The disposal of Delhys, the Belgian food broker, will result in an exceptional charge of £6.5m (\$10m), mainly goodwill previously written off

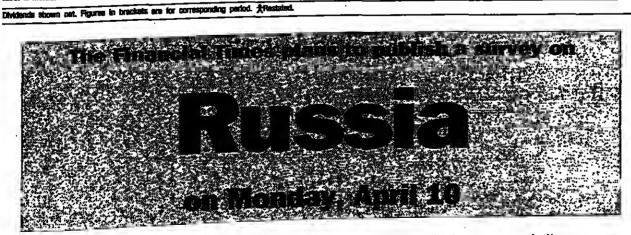
The shares rose 1p to 45p

T&N Indian venture T&N has formed a joint venture with an unnamed partner to mannfacture non-asbestos friction prodocts for the Indian antomotive industry

and for export. The antomotive and engineering components group will have a majority interest in Ferodo India, in which about £4m (\$6.2m) is being invested. The company will

employ about 200 people.

Production is expected to start in the third quarter of



(4.41 ) (0.274 ) (111.7 )

(5.7L ) (5.17 ) (17.8 )

5.16 0.636

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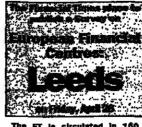
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17th February, 1995

🕇 he European Commission's competitioo powers are coming under increasing challenge in tha run-up to the 1996 Intergovernmental Conference (IGC) to review the Maastricht

Last year the Commission made several controversial decisions in approving state aid to airlines Air France and Olympic (the Greek national carrier), Bull, the French computer maker, and European steel companies.

Industry analysts say such aid profoundly distorts competition in the EU. They also point out that state aid denies efficient producers the fruits of expansioo in the wider Union market, undermining European industry's competitiveoess in world markets.

The Commission's decisions have underscored the uncertainty that exists about the limits of its discre-tionary powers in this field. in European law there are two competing theories on the scope of the Commission's discretion – the one adhered to by the Commission is essentially political in nature, while the other stresses the economics of

state aid. The Commission maintains that it may lawfully approve aid if it finds that the interest of undistorted competition is outweighed by other Union interests or objectives. Consequently, the Commission only guards against "disproportionate stortions of competitioo". In practice, this means that in politically sensitive cases it will balance the various interests as it deems fit.

State aid decisions, like all others, are taken by the Commission as a whole, meaning that Mr Karel van Miert, the competitioo commissioner, can be overruled by his

# A case for stricter discipline

Anton van Schijndel argues for an independent EU competition office to police state aid rules

peers. The system reinforces the tendency to link state aid decisions to other entirely extraneous issues. Approval or disapproval of aid thus becomes part of a secret and broader bargaining process between the Commission and member states. The Commission has tried to fend off criticism by pointing to the stringent conditions which it some-

times attaches to its approvals. An example is the approval of the FFr20bo (£2.43bn) aid peckage to Air France, an amount which critics say almost equals world airlines entire losses in 1993. In an attempt to limit the distorting impact, the Commission in effect imposed on Air France pricing requirements and undertakings not to fly oo routes that "belong" to other air-

tably create new distortions as they deny the troubled airline the ability to compete. Worse, they set a dangerous precedent of direct regula-tion of industries, while the legality of such regulatory actions is dubious in the absence of a clear legal basis for it.

In cootrast to the Commission's approach, the economic theory stresses that it is charged with ensuring that competition in the EU is not distorted. This does not mean the Commission cannot take regional or sectoral interests into account. But in doing so it must at all times safeguard member states common interest in the integrity of



the competitive process The economic theory recognises that this commoo interest is not necessarily impinged on by the granting of aid. For example, regional aid may be permissible if it does not go beyond what is necesout within a certain period.

sary to compensate for location cost disadvantages and if it is phased Similarly, sectoral aid to facilitate

nies in a particular market and economic analysis confirms that the restructuring of mature industries

Commission approvals can, and should, be based on objective eco-nomic analysis. Accordingly, the regular techniques of market analysis used in Article 35 and 86 investigations can, and should, be applied in all cases where the Commission

All these examples show that

others in that market.

intends to approve state aid.
Yet, even state aid which is eligible for approval will virtually always damage economic efficiency. In EU law, however, there is no donbt that the Commission may lawfully approve such aid. This is in line with the Treaty of Rome's aim of social and economic cohesion and, in particular, Article 92 which expressly allows for add to promote economic or regional development.

In this respect, the merit of the economic approach is that it at least

provides for verifiable and legally enforceable boundaries to the Commission's discretion. However, it may be years before the European Court of Justice decides to resolve definitively the issue of discretion; until then, state aid supervision is bound to remain haphazard.

Many observers therefore believe that a transfer of the Commission's enforcement powers to an indepen-dent competition office would be the best way to strengthen enforcement. Member states should be able to agree on such new institutional arrangements at the 1996 IGC. The Commission, however,

affect the competitive position of should retain its exclusive power to propose to the Council of Ministers the general rules on which types of aid are permissible. Such rules are needed because state aid decisions should be based on clear legislative rules which have received political approval from the Council.

Yet in practice, the Commission has never been keen to exercise this power, apparently because it prefers the flexibility of its policy rules. Germany has long advocated a

stand alone body to police the anti-trust rules relating to private business. The Germans may want to extend this idea to state aid enforce-

Political pressures for another subsidy round may prove irresistible if no better control system

ment. The British also are unhappy about the present lewlessness and may favour reform.

has been put in place

And the Benelux countries, Denmark, Finland, Sweden and Austria may support reform, even though they oppose an overall weakening of the Commission which they regard as a bulwark against domination by the larger member states. These smaller countries know that they stand to gain most from impartial enforcement of competition

- Mariner I France may be willing eventually to accept reform, especially given the improvement of the competitiveness of French business in recent years due to sound economic nanagement. Yet France may wish to retain extra leeway to help some of its state-owned enterprises. which are preparing for privatisa-

To allow for such "additional flexibility". France and some other countries might hold out for qualified majority voting instead of the present unanimity rule if, in the event of so-called exceptional circumstances, the Council wishes to overrule the Commission, or, in the new set-up, the independent compe-tition office. Obviously, this could defeat the very purpose of reform, which is to insulate law enforcement from political pressures. A more limited compromise should be feasible, however, especially given France's strong dislike of the undue leverage that the Commission has gained from its current mode of operation.

In a broader context, it is imperative for the Union to have meaning-ful state aid disciplines after the 1996 IGC. The European economy will not easily shed its structural weaknesses of rigid labour markets, over-regulation and too many sealed-off markets. Consequently, if the current economic recovery does not reduce unemployment levels substantially and fizzles out, political pressures for another wasteful subsidy round may prove irresistible if no better control system has been put in place.

The author is a member of the

#### **COMMERCIAL PROPERTY**

across the Union may be permissi-

ble if economic evidence shows the

industry's aggregate capacity is

reduced to an economically viable

level, while at the same time the

firms' cost structures are restored

if there are only a few ailing compa-

Aid cannot be allowed, however,

to competitive levels.



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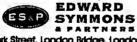
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BERKELEY STREET, MAYFAIR, 1,285 aq i

#### NAZARETH - CITY OF PILGRIMAGE

#### HOTEL FOR SALE We are hereby offering for sale a hotel

Nazareth, Israel, the boyhood home of Jesus. The hotel is situated close to the Basilica of the Annunciation, S Gabriel's Church and Mary's Well. This is a new hotel, with 200 rooms whose building will be completed during the first half of 1996. interested parties, for suppl details please contact:

PELLEG ORR est LTD. Tel/Far: 972-4-627687, Haifa - Israe

FOR SALE LUXURY CLUB RESORT HOTEL

in Marbella (Spain) 110 Apartmeots, 106 Suites. 40,000 sq. m. garden. Fully restored. Excellent condition. For information please write to:

Sig. Colombo, Hotel Hermitage, Via Messina, 10, 20154 MILAN, Italy **EDMONTON** 

#### N9 **Self Contained**

Office Building From 3,650 sq.ft to

-11,550 sq.ft TO LET

\* Custom built computer suite

On site Parking **HENRY BUTCHER** 

0171-405 8411 HEALEY & BAKER 0171 629 9292

#### **SWITZERLAND** Lake Geneva & Mountain resorts REVAC S.A.

STE. THE

<u>.</u>

#### CHELSEA

Car parking required freehold/long leasehold preferably with small flat. Space for 5-20 cars. Ref. RC/DR

081 941 9923

#### **LEGAL NOTICES**

No. 000642 of 1995 IN THE HIGH COURT OF JUSTICE CHANGERY DIVISION IN THE MATTER OF MARUBENI UK PLC

IN THE MATTER OF THE COMPANIES ACT 1965 TER COMPANIES ACT 1965
NOTICE IS HEREBY GIVEN that a Petition was on the 3rd February 1995 presented to her Majosty's High Court of Justice for the confirmation of the reduction of expeted of the show-earned Company from SOL000,000 to 241,780,000 AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honomarblu Mr Registers Bockley at the Royal Courts of Justice Strand London WCAA, ZLL on Wednesday the 1st day of March, 1995.

or March, 19-50.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in pursue or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Soliciturs on payment of the regulated charge for the same. Dated this 17th day of February 1995

IN THE MATTER OF LOWANA HOLDINGS LIMITED IN THE MATTER OF

THE CYPRUS COMPANIES LAW CAP 113 NOTICE IS HEREAY OIVEN that the creditors of the above-named company which is being voluntarily would up are required on or before the 17th day of March 1995 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their calinities and the numer and cooreses of mear collicitors (if any) to the numerisgued Mr Costas L Mavrocordatos, ACA of Julia House, 3 Themistocles Dervis Street, PO Box 1612, Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in ing from the said lionidate and prove their said debts or claims at such time and place as shall be specified in such notice, or in defenit thereof they will be encluded from the benefit of any distribution Dated this 17th day of February 1995

The Financial Tunes plans to publish a surrey on European Business Property

In addition to gaining worldwide distribution to the FT's one million readers, this survey will be delivered direct to European property professionals at MIPIM, the International Property Market in Cannes, 9-12 March.

on Friday, March 10

The survey will be a valuable source of reference and an ideal medium in which to promote properties and developments with a

For further information, please contact: Sophie Cantillon on+44 171 873 3211 Fax: +44 171 873 3098

FT Surveys



#### **COMMODITIES AND AGRICULTURE**

# Wood pulp price record looms after US group's surprise announcement

By Bernard Simon in Toronto and Christopher Brown-Humes

Weyerhaeuser, the US forest products group, has surprised the wood pulp market by announcing a price increase that will lift pulp prices to

The latest rise, to take effect on June 1, will raise the price of northern softwood bleached kraft, the industry'e benchmark product, to US\$910 a tonne in North America and \$925 a tonne m Europe.

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The price is \$750 a tonne at present, but producers last month announced an increase to \$825, with effect from March

Weyerhaeuser's announcement caught other producers sion of supply disruptions. In

off-guard. Mr Hans Burmeister, marketing director of Sweden's Södra Cell, said his company had not expected the \$925-a-tonne level to be reached before the end of the year. Pulp prices sank as low as \$390 a tonne in mid-1993.

However, demand remains strong. "Our customers contimue to operate at very high levels. said Mr John Sim, vice-president for pulp marketing at Avenor, a large Canadian producer. They are all pressuring for extra tompage." The shortage has forced some small paper mills in

France to close temporarily. The spiral in pulp prices stems partly from rising demand, especially in southeast Asia, as well as a succesthe longer-term, buyers are concerned about a shortage of wood fibre as a result of environmental pressures in North America and Scandinavia.

However, surging pulp and paper markets have alarmed consumers. Mr Reto Braun, chief executive of Canada's Moore Corporation, the world's biggest business forms maker, said yesterday that he had asked the company's five higgest paper suppliers to give more advance warning of price

Mr Braun said that the recent jump in prices might have contributed to a slowdown in Moore's sales volumes in the fourth quarter of 1994, but that at least 90 per cent of paper price increases have been passed on to customers.

units for the mouth.

prices. Applications for permits to build new homes dipped 8.6 per cent during the month, suggesting sluggish new home starts will continue throughout the spring. Lumber is a primary component in new bome construction.

the price for the most-traded,

# **Building** figures hit lumber **futures**

Rieing interest rates apparently rattled US home builders in January, and symptoms of slowing demand sent prices for humber futures ed at the Chicago Mercantile Exchange down the allow-able limit yesterday.

Market analysts said very slow near-term demand in the cash lumber markets ahead of the US President's Day holiday on Monday also contributed to weaker prices.

The US Commerce Department said January housing starts dipped 9.8 per cent to 1.377m units, which put new construction of lumber-intensive, single-family homes at their lowest level since March. 1993. The housing starts data surprised analysts, who had forecast starts nearer 1.49m

Lumber analysts said data on January permits was equally negative for lumber

In the Chicago futures pit, March delivery, contract on Canadian spruce-pine-fir was down \$10 at \$318.30 per thou-

# Irrigation bears fruit in Pakistan

David Spark reports on a water-powered agricultural revolution

Farming in the almost rain-free

valleys is made possible by chan-

nels bringing water from moun-

Seed potatoes and Golden Delicious apples are bringing new prosperity Chitral, away from the high.

the transport of perishable produce. Upper Indus valley at Hannchal Chitral, away from the high. to the small farms of the dry valleys that divide the high mountains of North Pakistan. In the early 1980s, incomes were less than half the national average. Now, with the help of the Chinese built

Karakoram highway and of the Aga Khan Rural Support Programme, they are pushing up towards it. New homes on the farmland, replacing old ones in cramped villages, are among the signs of change. Seed potatoes, best produced

in upland areas, earn for north-ern farmers nine times as much from an acre of land as the traditional wheat. Merchants travel up from the Puniah to buy them.

Apples are costly in Pakistan even at their lowest prices they are three times as valuable as wheat.

Seed potatoes and dried apricots (a local speciality) are handled by a co-operative, the Gilgit Agricultural Marketing Association. The programme has even had a request for organically-grown apricots from Brazil. It is studying the idea of producing vegetable seeds; four-fifths of Pakistan's present supply is imported.

The 1m people of the far north face three problems: dryness, fuel shortages - m a land of cold winters and few trees and remoteness. Even with the Karakoram highway, the north's chief town, Gilgit, is two days by lorry from Islamabad and the plains, ruling out to small, terraced fields on the The people are poor but they work very hard," says their 59-year-old leader, Mohammed lower slopes. The average holding is just over a hectare.

The irrigation used to be Abdullah, a poet and retired

organised by local rulers, the mirs, who lost their traditional powers in the 1975. Over the past ten years, the Aga Khan Rural Support Programme has been encouraging local village organisations to take over. These organisations have increased the area of irrigated land by half.

water from mountain glaciers

way, is even more remote and

is cut off from the rest of

Pakistan for half the year. Nev-

ertheless it has found a crop, Mexican beans, much in

demand for curries elsewhere

in the country.
Farming in the almost rain-

free northern valleys is made possible by channels bringing

tain glaciers

With the help of aid money. mainly from Canada and Britain, the support programme offers each village organisation a grant for a major project. Some of these are spectacu-

Karakoram highway. So far they have completed about along which flows water. To Apart from their major projmake it, farmers lowered them-

ect, villagers undertake to save money regularly. These savings enable them to borrow from the support programme through their village organisations. "Credit from government banks," says a programme offi-cial, "reaches 5 per cent of households. We reach 35 per

organisations plus 740 women': organisations, with 100,000 members in all, and over £3m of savings. They have planted lam trees for badly needed fuel. The programme encourages them to appoint and pay village specialists in forestry poultry and livestock. It has trained 12,000 specialists and

managers including almost 5,000 women . Livestock, which spend the summer on high pastures and manure the farm land, are essectial to local hus bandry.

ists from 21 villages listening to a lecture on poultry diseases during a five-day course given by support programme field co-ordinators. Households typically have ten to 50 hens, which helps pay school fees. The specialists vaccinate chickens whose owners pay up to a rupee (2p) for each.

The Aga Khan Rural Support could work in the tunnel only Programme's successes have attracted imitators. It is already being copied eisewhere ar. People at another village are in Pakistan, in South Asia and Across a cliff face overlook building a 40km road to the even in Merocco.

# Lugar proposes farm budget cuts

Senator Richard Lugar yesterday recommended that US domestic farm subsidies be cut by \$14.9bn over the next five years, and said a controversial export subsidy programme used to push US grain overseas should be eliminated

Senator Lugar, chairman of the Senate Agriculture Committee, told a Senate budget committee hearing that he would like to reduce "target" prices paid to US maize, wheat,

ports are translated into ster-

ling, will be devalued today,

reports Reuters from Brussels.

The move, which reflects ster-

ling's weakness on the foreign

exchanges this week, will help

British farmers by boosting

per cent a year for a total of \$11.45bn over five years, and end the US Export Enhancement Programme, saving another \$3.4bn.

Farm lobbies attacked the proposed cuts. Mr Dean Kleckner, president of the American Farm Burean Federation, which represents more than 4m farmers, said the cuts "would force American agriculture dangerously close to a farm crisis". Senator Lagar has promised his committee will perform a "top-to-bottom"

exports more competitive.

The European Commission

said yesterday that the rate

would move to 0.799794 per

European currency unit from

0.789704. Also being devalued

are the green lira and the

III CRUDE OIL IPE (\$/barre)

Precious Metals continued

+2.4 417.8 413.5 16.469 +2.6 420.0 419.3 5,985 +2.6 - 1,160 +2.6 - 305 28,029

The "green pound", the rate at their EU supports in sterling which European Union supterms and making their

of the US Department of Agriculture's farm programmes in 1995. However, his budget committee testimony was the first time he has suggested specific

An alde said Mr Lugar's testimony was offered as "guid-ance" to the Senate budget committee. The Clinton Administration earlier this year asked for a relatively modest \$1.5bn reduction in farm spending over the next five years, and boosted outlays for promoting farm exports.

#### 'Green pound' boost for UK farmers

The UK Home-Grown Cereals Authority said before the commission's announcement that the green pound would be devalued because its three-day average real agri-monetary gap of -1.711 per cent exceeded the -1.434 per cent trigger.

Grains and Oil Seeds

# Rubber pact's future remains in the balance

apore cents a kilogram.

MEAT AND LIVESTOCK

III LIVE CATTLE CME (40,000bs; centa/lbs

38.525 +8.125 38.575 38.250 1.472 38.275 -0.025 38.500 38.100 14.056 44.100 -0.225 44.400 48.950 7.343 43.225 -0.150 43.400 43.150 1.897 40.425 -0.100 40.550 40.300 2.476 41.375 -0.075 41.375 41.200 2.237

Negotiations on a new price-stabilising rubber pact, due to end today, remained in the balance last night as delegates from 31 producing and consuming countries failed to eliminate their remaining dif-

The third round of United

Nations-sponsored talks in Geneva, which began on February 6, has produced broad agreement on almost all the key issues, but some details have proved troublesome. Previous rubber pacts have all

taken four rounds to finalise. Producers have taken their demand for an increase in the central reference price off the

table after securing a consensus in favour of lifting the lower indicative "floor" price be revised downwards. from 150 to 157 Malaysian/Sing-

However, in return consumer countries have pressed for a special price review at the first meeting of the new pact's governing council. Producers have agreed to such a review

the extent to which prices can

selves 600 feet from a tree at

the cliff top and blasted the

face with dynamite. The water

brings life to new fields and

Sixty-five farmers took four

years to build their 5km water

channel, with a two-year inter-

ruption because of civil strife.

The channel has multiplied

the village's farmland by eight;

Abdullah would like to extend

it to 20km to a dry, flat plateau

where the Indus and Gilgit riv-

Further north at Sost, at the

top of the Hunza valley, farmers guided by a 90-year-old vet-

eran, Rahman Baig, bave

blasted a 1.300ft tunnel

through the side of a ravine to

take water to new land. They

ten minutes at a time because

of the lack of oxygen.

broadcaster.

ers meet.

Rubber prices soared to record levels in January, but suffered a futures-led correction this week. Current high prices are expected to trigger a 5 percentage point increase in the reference price when it

**JOTTER PAD** 

in principle but want to limit month revision next August. However, the new accord will not come into force until

late next year. The two sides are thought to have agreed on 12-monthly regular price reviews to take account of market volatility and are expected to settle for a four-year accord with a possicomes up for a routine 15- ble two-year extension.

#### COMMODITIES PRICES Base Metals LONDON METAL EXCHANGE

M ALUMENTAL, 99.7 PURETY (\$ per tonne)

Close	1806-9	1906-8
Previous	1852-3	1894-5
High/fow AM Official	1872.5 1872.5-8	1923/1873 1912-3
Korb close	1012.0-0	1919-20
Open int.	227,946	. 1010 40
Total delly turnover		
IN ALUMANNUM AL		
Close	1825-35	1880-80
Previous	1805-15	1850-55
High/low AM Official	1825-35	1875 1870-5 1880-90
Kerb close Open int.	2,748	1000 00
Total daily turnover		
LEAD (S per ton		
Close	572-3	590-1
Previous	564-5	563-4
High/low		596/575
AM Official	572.5-3.5	590-0.5
Kerb cices		565-6
Open int.	38,090	
Total delly turnover		
MICKEL (\$ per to		8440 50
Close	8300-10	8440-50 8420-5
Previous	8270-80 8380/8370	8515/8210
High/low AM Official	8370-80	8495-505
Karb close	45.0 45	8475-80
Open Int.	55,942	
Total daily turnover	15,346	
TIN (5 per torme)		
Close	5300-10	6390-400
Previous	5320-30	5410-20 5420/5320
Highylow	eson 90	5420/5320
AM Official	5320-30	5410-20
Kerb olose Open int.	20,834	21 20
Total delly turnover	8,179	
ZINC, special hi	gh grade (5 per	torne)
Close	1009-11	1033-35
Previous	994-5	1020-1
High/ow	1016/1015	1039/1016
AM Official		
	1013-4	1036-7
Kerb close		1036-7
Open Int.	101,681	1036-7
Open Int. Total daily turnover	101,681 23,803	1036-7
Open Int. Total daily turnover  COPPER, grade	101,681 23,803 A (\$ per tonne)	1036-7
Open Int. Total daily turnover  COPPER, grade Close	101,681 23,803 A (\$ per tonne) 2888.5-7.8	2678-9 2874-5
Open Int. Total daily turnover  COPPER, grade Close Previous	101,681 23,803 A (\$ per tonne) 2686,6-7.5 2635-7 2602/2900	2878-9 2874-5 2890/2885
Open Int. Total daily turnover  COPPER, grade Close Previous Hegh/low	101,681 23,803 A (\$ per tonne) 2886,5-7.8 2886-7	2678-9 2674-5 2690/2865 2668-9
Open Int. Total daily turnover  COPPER, grade Close Previous Highflow AM Official	101,681 23,803 A (\$ per tonne) 2888,5-7.8 2886-7 2802/2900 2900-1	2878-9 2874-5 2890/2885
Open Int. Total daily turnover  COPPER, grade Close Previous Hegh/low	101,681 23,803 A (\$ per tonne) 2686,6-7.5 2635-7 2602/2900	2678-9 2674-5 2690/2865 2668-9

PRECIOUS METALS I LONDON BULLION MARKET £ equiv SFr equiv

Gold Colms Krugemand Maple Loaf

\$ price 378.90-377.30 376.00-376.40 376.10 236.829 376.75 239.176 Morning fix Attention fix Day's High Day's Low Previous close 377.00-377.30 Loco Ldn Mean Gold Lending Rates (Vs LISE) 473,50 480,20 487,55 505,40

\$ price 377-360 387.70-390.15

Spoi:1.5769 3 mile:1.5732 S mile:1.5731 9 mile::1.5704

136,00 +1.80 136,00 136,50 1,415 134,60 +1.15 135,40 133,55 22,424 132,55 +1.15 134,10 133,50 1,335

132.65 +1.15 134.10 133.50 1,336 131.19 +1.15 132.20 132.40 12.316 123.50 +1.15 122.40 123.00 5,74 127.00 +1.65 123.20 127.00 4,178

HIGH GRADE COPPER (COMES)

1.300 -0.006 1.396 1.390 21,722 12,409 1.390 -0.007 1.393 1.380 22,007 6,539 1.445 -0.003 1.445 1.430 13,070 2,955 1.570 -0.007 1.570 1.585 12,135 706 1.590 +0.007 1.500 1.390 16,356 537 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150

0.50 148.70 142.00 45.00 0.50 145.50 144.00 19.50 0.25 145.50 144.00 7.584 0.25 146.50 146.50 8,325 0.25 147.25 146.50 2,807 0.75 148.75 148.50 1,551

M. WHEAT LCE (2 per tonne) E PLATHUM NYMEX (50 Troy oz.; \$/troy oz.) M WHEAT CBT (5,000bu mir: cents/60b bushel) PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.) MAIZE CBT (5,000 by min; cents/56th bushel) BELVER COMEX (100 Troy oz.; Cents/troy oz.) BARLEY LCE (£ per torme) 18.29 42,057 37,342 18.24 87,728 47,337 18.11 45,713 16,431 SOYABEAN OIL CET (50,000bs: cents/b) +0.05 16.54 16.72 77,800 +0.07 16.69 18.60 21,702 +0.10 16.65 16.56 14,045 +0.11 16.59 16.50 9,876 +0.10 16.53 16.47 4,707 +0.10 16.50 16.47 2,306 M. HEATING OIL WYNEX (42,000 US galls; o/US galls.) -0.04 68.90 48.40 29.900 15.692 -0.02 47.05 46.50 20.769 9.119 +0.03 47.15 46.80 13.261 5.779 +0.03 47.80 48.75 9.249 1,318 +0.03 47.80 47.20 8.101 1,045 +0.13 48.20 48.20 4.152 273 110,516 26,786

27.78 -0.10 27.79 27.45 29.333 6,791 28.00 -0.10 28.04 26.57 31,702 12,177 28.20 -0.19 28.05 28.05 18,512 4,943 24.90 -0.18 25.09 25.72 5,704 1,494 25.75 -0.07 25.75 25.50 4,861 918 25.46 -0.08 25.47 25.25 6,570 25.00 153.1 -0.3 153.8 152.9 28,289 157.2 -0.2 157.6 157.0 28,844 167.7 - 162.0 191.5 18,367 163.7 - 164.0 163.5 6,890 163.7 - 165.9 163.5 4,101 167.6 +0.2 167.8 167.3 8,719 -0.3 153.9 134.7 49,459 -0.2 157.8 157.0 28,844 - 162.0 191.5 18,367 - 164.0 188.6 6,860 - 165.9 165.5 4,101 +0.2 167.8 167.3 8,710 102,154 POTATOES LCE (2/tonne)

Most wool prices are at rew peaks, with some categories well above the previous seasonal high point in September 1994. At that time liner merinos were perficularly dear, whereas now the qualities in strongest demend are middle merines and crossbrads. China is indicated as the principal buyer in Australia and New Zealand this week. China was also active in Bractiond, causing price increases there. Would wool sweletility meanwhile is limited to seasonal reasons, as a result of drught and as an afterment of reduced production following severe recession. Stocipiis sales in Australia sare: by those schedule and demand has absorbed the quota for some five to the months absorbed the quota for some five to the seasonal reasonal reasonal reasonal reasonal reasonal and demand has absorbed the quota for some five to the seasonal reasonal r sheet. The Eastern market indicator closed a 836c/kg in Australia, a new peak for the sea-son, 25c higher than a week before. The New

III LIVE HOGS CME (40,000lbs; cents/lbs) EL COCOA CSCE (19 tormes: \$/tonnee) E COFFEE LCE (\$/tonne) +26 2950 2880 +38 2888 2825 +26 2822 2766 +20 2785 2740 +12 2770 2740 +7 2880 6,719 1,457 2825 11,667 3,296 2766 4,399 849 ■ COPPER 152.46 147.28 No7 PREMIUM RAW SUGAR LCE (c WHITE SUGAR LCE (\$/tonne) 397.60 +2.20 390.0 395.2 9.257 M SUGAR "11" CSCE (112,000lbs; cents/lbs) 14.58 +0.18 14.60 14.46 34.253 7.215 14.44 +0.17 14.46 14.36 52.012 8.005 13.53 +0.09 13.00 13.53 33,002 2.714 12.93 +0.05 12.98 12.92 34.210 2.207 12.47 +0.07 12.90 12.47 9.000 836 E OIL PRODUCTS 12.47 +0.07 12.50 12.47 9,080 12.37 +0.08 12.37 12.37 2,456 Naphtha Jet fuel 95.95 +0.99 95.00 95.00 8.242 5.079 95.23 +1.94 95.29 93.50 25.770 8.786 92.43 +2.00 92.43 90.82 15.202 2.028 81.85 +1.35 81.70 80.60 4.869 579 OTHER Gold (per troy oz) Silver (per troy oz) Pletinum (per troy oz.) Pelladium (per troy oz.) 73,13618,806 III ORANGE JUICE NYCE (15,000bs; cents/bs) Copper (US prod.) 102.40 -0.50 103.80 103.20 10,394 107.85 -0.55 108.00 107.25 8,898 111.50 -0.55 108.00 107.25 8,898 111.50 -0.25 115.90 115.00 2,721 113.95 -0.05 114.00 113.80 2,051 115.20 -0.10 115.20 115.00 1,054 25,918 Tin (New York) Cattle (live weight)† Sheep (live weight)† Pigs (live weight) Lon. day sugar (raw Lon. day sugar (wis Tata & Lyle export Sarley (Eng. food) Maizo (US No3 Yellow) Wheet (US Dark North) Rubber (Mar)♥ Rubber (Apr)♥

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CET, NYCE, CALE, CSCE and IPE Crude Oil are one day in arrests.

■ REUTERS (Bess; 18/9/31=100) E CRB Future (Blee: 1957=100)

42.250 -40.052 42.550 41.700 747 41.725 -0.025 41.975 41.975 3.380 42.325 -0.275 42.950 42.075 3.380 42.475 -0.375 42.950 42.075 1.491 30.900 -0.250 40.400 30.000 414 50.950 -0.300 50.950 50.000 61 LONDON TRADED OPTIONS Jul 186 131 88 Apr May 310 284 250 LONDON SPOT MARKETS \$17.14-7.18 prompt delivery CIF (torme) \$103-105 \$168-169 \$163-164 \$149-151 \$377.10

139.0c

41.75c 13.59m 252.50c

120.04p 120.72p

83,020

\$352.5

2110.0

112.0p 112.0p 450.0m

\$845.0y \$885.0x \$425.0y

\$12p

-16,0 -17,0

Coconut Oil (Phil)§

Coconin Cit (Maley.)§
Copra (Phi)§
Soyabeans (US)
Cotton Outlook'A' Index
Wooltope (64s Super)

I Governmeot leader in Arab state made to leave home (8) 5 it's not certain the doctor will come in the storm (6) 9 Had something in mind (8) 10 Climbs and balances (6) 11 Having had a rise, a man goes on holiday (8) 12 Provide company car (6)
14 Idolater is disposed to find leaders (10) 18 A defender who is prepared to 22 Relation puts us in the money -2.6 -2.0

23 His word is law at a court perhaps (8)

24 Type of engine one finds in
Leeds broken dawn (6)

25 Timetable for education in a 27 Clear, the actors are, from the

1 Stay over with the French in order to eat (6) head start (6) 3 Was abusive, yet guarded? (6) 4 Turned some out? Great! (10) 6 They charge e county council

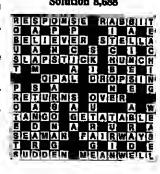
**CROSSWORD** 

No.8,689 Set by DANTE

iob (4.4) 13 Hunt for a drink? Just the opposite (7-3) the plunge (8)
16 Being saucy I am put outside

the room (8)
17 Extreme irritation? (8) 20 It's a shock to find gold in a 21 Confirm where cricket fans may be found (8)

Solution 8.688



Syndicated loans

surged to record

# US long bond falls as dollar slides further

By Lisa Bransten in New York and Graham Bowley in London

US Treasury prices were mixed yesterday morning as uncertain economic signals and a declining dollar held sway over

the market. At midday the benchmark 30-year Treasury was down  $\frac{7}{4}$  at 100 $\frac{7}{10}$  to yield 7.577 per cent. At the short end of the market, the two-year note rose is to 100 to yield 7.044 per cent. Early in the morning bonds edged up modestly across the maturity spectrum after economic data showed a sharp decline in housing starts and an increase in initial unemployment claims. The number of private homes begun in January fell 9.8 per cent from December's figure, the Commerce department reported.

Meanwhile, the number of

people seeking unemployment benefit for the first time grew by 20,000 last week. But the long bond proved

Issuance in dollars remained

on hold yesterday as investors and borrowers waited for the

Spain is said to be planning

a 10-year Y150bn deal, which could appear next week. The

Kingdom was believed to be

day. The European Investment

taking hids from houses yester-

INTERNATIONAL

end of a run of US data.

unable to stay in positive territory as the dollar continued its 

Canadian government bonds slide against the Japanese yen fell sharply on the announce-

By Martin Brice

BONDS

By late morning the dollar had dropped nearly a full yen, to Y97.36 from Y98.35 late Wednesday, and to DM1.4881 from DM1.5095. A falling currency is bad for the bond mar-

#### GOVERNMENT **BONDS**

ket because it deters foreigners from investing in US securi-

A survey published by the Federal Reserve Bank of Philadelphia gave a mixed reading of economic activity. The overall index of business activity edged up to 11.9 per cent for February from 10.4 per cent in January, but there was e substantial decline in the impor-tant "prices paid" sub-index, which dropped to 46.2 per cent from 55.0 per cent in January.

coupon of 7.66 per cent for three years, and 8.85 per cent after that. Joint bookrunners

were J.P. Morgan and BNP.

which said it had large orders

lined up for the bonds. "This

was an investor-driven deal",

said e BNP syndicate official. The EIB's other deal was for

Ptal5bn, with a five-year bond

carrying an 11.25 per cent cou-

pon brought through Banco de

The Province of Quebec

brought its first yen transac-

tion aimed at retail investors

when it raised Y30bn with a

three-year deal carrying a cou-

legocios Argentaria.

**EIB** launches deals

in two currencies

Yields on 10-year issues rose 15 basis points to about 8.97 per

■ The strength of the D-Mark on the foreign exchanges weak-ened most European government bond markets.

The yield spread on German government bonds below US Treasuries fell to 12 basis points from 30 basis points at the beginning of the week, as the US continued to outperform Europe.

"Many are looking for that spread to move to parity, reflecting the view that the US is slowing just as Germany picks up speed," said Mr Julian Callow, at Kleinwort Benson in

■ Yield spreads over bunds widened ecross most of Europe, particularly in two-

Italian government bonds were hit hard as the lira moved to new lows egainst the

wince of Quebecs

STEPLING Bradford & Bingley B/S(b);

LIDEMBOURG FRANCS

S\$ FRANCS aki House Ind.Co.(d)+§

110

2.00#

11.25

anese retail investors who not affected sales. Syndicates

were facing redemption of believed much of the effect of

bank instruments known as the review was already in the

100.00

and the D-Mark, and more conomic data reignited concerns about the strength of the ment by Moody's that it was confirmed futures contract on Liftle fell by and domestic debt ratings.

D-Mark. The Italian March futures contract on Liftle fell by confirmed futures contract on Liftle fell by and domestic debt ratings. 0.63 point to 99.51. The spread over bunds widened to 500 basis points from 493 basis

points at the opening. Spanish government bonds also suffered with Spanish futures down 0.60 point at 85.25 in late trading.

ended slightly down in largely technical trading, in spite of GDP data showing signs of eco-The March bund future on

Liffe traded lower after failing to break resistance levels at 90.92. But it found support et 90.69 and in late trading was down 0.06 point, at 90,70. D-Mark strength helped the short-end of the yield curve, with the two to 10-year spread steepening further to 114 basis

■ UK gilts eased slightly with the long gilt future on Liffe down & at 1015 in late trading. "There is a reluctance on the

**NEW INTERNATIONAL BOND ISSUES** 

Mar.2005 0.325R

Mar.1999 1.625

101.21 Mar.2000 1.625

This usmits, non-callable unless stated. Yield apread (over relevant government bond) at launch supplied by lead manager, \*\*Unitated. Sconvertible. ‡ Floating-rate note. #Sami-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Short 1st coupon. b) Callable on any coupon date from Mar.2000 et per. b1) 3-mth Libor +16%, c) Callable on 15/3/96 at per. c1) 7.69% to 15/3/98 and 8.65% thereafter. c) Pricing: 22/2/95, Puttable on 30/3/97 at 107%. Callable on 30/3/97 at 107% declining as thereafter, Callable from 30/3/95 subject to 150% fundle, e) Long 1st coupon.

points from 108 on Wednesday.

about inflation and politics, said one trader.

Data on the public sector borrowing requirement in January helped prices, analysts said. "It suggests that the government will undershoot its borrowing target this year," said one dealer.

The spread over bunds widened slightly to 140 basis

■ France followed Germany lower, with the spread over bunds maintained at around 57 basis points.

A weak franc and corruption allegations also weighed on prices, dealers said. The auction of 19.75bn of two- and five-year BTANs was

ratio of 3.41 and 2.59 respec-

 Swedish government bonds fell with the spread over bunds moving as high as 335 basis points before settling et around 331 basis points, 4 basis part of investors to buy gilts points up on the day.

CS First Boston

ENP/ JP Morgan & Co.

J.Henry Schroder Bank

Boo. de Negocios Argentas

ing Society raised £100m with

a six-year floating-rate note

callable after five years. The bonds carried e coupon of

three-month Libor plus 1/4 and

CSFB said the deal was trad-

FT-ACTUARIES FIXED INTEREST INDICES

Thur Day's Wed Feb 16 change % Feb 15

were brought through CSFB.

ing at 99.80, within fees.

UK GBts

#### Canada's debt under review for downgrade

By Martin Brice in London and Bernard Simon in Toronto

markets.

According to the Bank of International Settlements' lat-

est quarterly report on finan-cial market trends, the unset-

tled interest rate environment

and the reduction in lending

spreads led many borrowers to

Syndicated credit facilities

prefer bank loans over bonds.

amounced in the fourth quar-

ter amounted to \$72.8bn, the

highest quarterly figure since the second quarter of 1992, and totalled \$250.4bm for the full

year. Also in the final quarter the average value of spreads over Libor for dollar credits

declined further and the aver-

age maturity of loans increased

The report also points out

that a growing number of insti-

tutional investors, such as life assurance companies and pen-

sion funds, have perticipated

in underwriting syndicated

loans. It said many have been attracted by the introduction

of clauses protecting them

from four to 5.1 years.

Moody's, the US credit rating agency, yesterday put Cana-da's foreign and domestic debt under review for possible

downgrade. Canada was the 18th largest issuer of international bonds last year, with issues totalling US\$4bn, according to Euronouey Bondware.

The review affects the Aal foreign currency debt rating and the Asa rating of Canadian-dollar denominated obligations of the government and several Canadian Crown cor-

Moedy's said it was concerned about the medium-term deficit outlook "once the next inevitable economic downtur occurs".

The news surprised analysts. who had expected the credit rating agencies to wait until after the federal budget, due to be tabled by Mr Paul Martin, finance minister, within three

However, one eurobond syn-

licate official said yesterday: "Sentiment towards Canada has been negative for some time, and certainly since the Mexican crisis. The bond markets have been looking at problems north of the US borders, as well as south. Prices of Canada's eurobonds have already built in something defensive. It is very rare for for the rating agencies to be ahead of the bond traders."

Mr Martin has staked his credibility on reducing the federal budget deficit from an estimated C339.7bn in the fiscal year to March 31, to about

C\$25bn, or 3 per cent of gross domestic product, in 1996-97. Mr Martin yesterday expressed surprise at Moody's review. He said that the outlook for Canada's economy was fundamentally "positive".

in 1994, says BIS from early-redemption options. Activity in the euronote market also continued at a brisk Arrangements of syndicated pace, with net issues of \$27.5bm in the fourth quarter and loans and drawings under euronote programmes surged to record levels in 1994 as bor-\$139.6bn over the year as whole (compared with \$73.2bn in rowers adapted to difficult con-1993), although issuance of ditions on international bond short-term paper declined in

Mar teeter:

the fourth quarter. Sentiment in the interna-tional bond market improved early in the quarter but was checked following the bankruptcy of Orange County in California and the financial crisis in Mexico in December.

Although gross issuance fell to \$385.7bn from \$449.9bn in 1993, a decline in the number of redemptions led to an increase in net issuance to \$167.9bn, compared with \$130.5bn in 1993.

Gross issuance of floatingrate notes rose to \$78.7bn (from \$58.5bn). Gross issuance in yen increased to \$72.4bn (from \$55bn), reflecting the strong liquidity position of Japanese investors and the impact of earlier liberalisation of the euroyen market, but declined in other currencies. \*International Banking and

Financial Market Developments, Bank for International

#### Stock options for Hong Kong

Feb 16 Feb 15 Yr, ago Feb 16 Feb 15 Yr, ago Feb 16 Feb 15 Yr, ago

By Louise Lucas in Hong Kong

The Futures Exchange of Hong Kong is to launch trading in stock futures on March 31. The date was set yesterday, three days after the stock exchange reiterated its pledge to introduce stock options.

The planned introduction of futures contracts on two of the colony's higgest stocks, HSBC Holdings and Hong Kong Telecommunications, has been controversial. Confrontation with the stock exchange, which was given less than 24 hours' notice of the move, was followed by attacks from legislative councillors and concerns over investor protection.

Mr Leong Ka-chai, chairman of the futures exchange, insisted that now was the right time to launch the products. The introduction of stock futures "testifies to Hong Kong's progress as an international financial centre", he

32 83 -

Bank m the eu day. It	Europea nade two robond n raised F step-up l	appear market Fr750m	yester with	n pon the : a tion	of 3.55 first til for Qu	deal carry: per cent. ne a publi lebec had l imalchi, w	This was c transac been han	s "super Yam sold ti	instrume time dep aichi and he bonds Canada	posits". I one st , and )	ibsidiary (amaichi	bond expe	of exis, althou	ras alreadisting ( ligh some lidening o	Canadia: e official
three y	ears. The	e deal c	arried			vere target			review l					nd Bingi	ley Build
	LD BON			NT BO	NDS			# BUND	FUTURES	OPTIONS	(LIPPE) DA	250.000 p	olate of 100	96	
DEICH	Market FRA		Red		Day's	Wee		Strike			ALLS			- PUTS -	
August - Fla		Coupon	Dete	Price	change			Price 9050	Mer 0.31	Apr 0,43	May 0.64		Mar A 1.16 0.8		
Australia Austria		6.000 7.500	09/04	93.1100 99.0200	+0.240 +0.270	18.14 10.16 7.84 7.6	1 7.70	9100	6.10	0.27	0.45	0,81	3.45 1.1	15 1,33	1.40
Belgium Cenada *		7,750 9.000	10/04 12/04	96.3500 100,2500	-0.150 -0.850	8.30 8.2 8.96 8.9		9160 Est. vol. 1	0,03 otal, Culls 161	0.16 94 Puts 73			0.88 1,6 Int., Calle 224		
Denmark France	BTAN	7.000 8.000	12/04	88,0000 101,0900	+0.050	8.88 B.8 7.59 7.6									
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Netherland Portugal	30.	7,260 8.875	10/04 01/04	98.0500 84,0000	-0.100 -1.000	7.53 7.53	11,63	NI ITALI	AN GOVT. B					a200m 100	ths of 1009
Spain Sweden		10,000 6,000	02/05	90,7900 71,9250	-0.630 -0.190	11,58 11,40 10,72 10,60		Strike		_	ALLS			- PUTS -	
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US Treesu	ry •	7.500 7.625	02/05 02/25	100-16 100-15	-7/32 -17/32	7.42 7.54 7.58 7.60		10000		0.13	1.0		0.68		2.65
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ile im	TEREST	DATE	2						- Open	Sett prk			Low	Est. vol.	
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**CURRENCIES AND MONEY** 

# MARKETS REPORT Dollar teeters close to intervention levels The D-Mark yesterday again swept all before it, driving the swept all before it, driving the steph all before it, driving the swept all before it, driving the steph all b

the D-Mark, while the French franc touched a 15 month low

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The dollar, meanwhile, fell below the DML50 level, back towards its 1994 low of DML4860, reached last November, which attracted Fed intervention. It closed in London at DM1.4914, from DM1.5084 on Wednesday, after briefly falling below DM1.49. Against the yen it finished at Y97.545, from Y98.405.

27

Events on the currency market were the product of two developments: political uncertainty in Europe, prompting a flight towards the D-Mark, as safe haven currency; and renewed signs of financial frailty in Mexico, undermining

The Canadian central bank signalled a 50 basis point increase in short term rates after Moody's, the debt rating agency, said it might cut Canada's debt rating. The Canadian dollar fell half a cent on the news to C\$1.4118. The Bundesbank council left

interest rates unchanged. ■ At the end of a busy day on the foreign exchanges, the market was left in "Fed-watch"

-- Park, close --

evidence that the US treasury is concerned about the dollar."
He said the market had been unnerved by the Marican can-

tral hank selling \$100m for pesos, and the default of a Mex-ican conglomerate on an interest payment. The central bank's action, said Mr Chertkow, "gave the impression that the authorities were more con-cerned to alleviate the suffering of the peso than to cure the underlying problem."

The dollar is also vulnerable

against the yen. Traders report a concentration of options positions at Y97.40. Breach of this lsvel could prompt a further bout of dollar selling. The scale of dollar sales is

inhibited by the prospect of

be big sellers of the dollar at this level." Mr Chertkow said selling appeared to be coming mostly from hedge funds, investment banks, and various "Far Rastern and Middle East" counter-

central bank intervention. Mr Nell MacKinnon, chief econo-

mist at Citibank in London,

parties. "This is not a

commented: "Nobody wants to

BOUTCE FT Grapitie

full-blown tidal wave of mutual fund and pension fund money out of the US," he said.

The move back into the D-Mark appeared to be part and parcel of the move out of the dollar. The weakness of some of the European currencles seemed to reflect a flight to quality, rather than any new political information. On the issue of current

D-Mark strength, a special report by Citibank concludes: "The reasons, rest on the market perception that the Bundesbank will continue to meet its statutory remit of preserving the purchasing power of

the currency."
In addition, a slowdown in the US economy over the forecast period coincides with continuing economic recovery in Germany. This implies that the US dollar will lose support as the Fed loosens and the Bundesbank tightens monetary pol-

icy into 1996." While many in the market are fearful of what will happen when the Bundesbank starts to raise rates, Citibank points out that a stronger D-Mark - effectively a tightening of monetary policy - will weaken the case for higher rates.

Citibank's economists believe that it is long-term rates, and their influence on capital flows, rather than short term rates, which hold the key for the exchange rate.

■ The Bank of England pro-vided £395m late assistance to UK money markets, after declaring a £450m shortage. No assistance was given at established rates. Money market conditions remained easy, with three month LIBOR at 6% per cent, the same as the base rate.

198,209 - 180,619 114,470 - 114,570 2733,06 - 2737,00 1748,00 - 1730,00 0,4700 - 0,4707 0,2963 - 0,2968 1,8234 - 2,8277 2,4265 - 2,4280

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MONEY RATES

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#### NOTICE TO SHAREHOLDERS

Shareholders are kindly invited to attend a second Extraordinary General alceting with the following agends, to be brid at the offices of Banque Internationale à Lovembourg S.A., 69, rocke d'Esch, Lovembourg on Friday 24th February, 1995 at 3.45pm.

1. Amendment of Article 10 of the Articles of Incorporation, to move the date of the article specified in Section 10 the Last Friday in August to the Last Friday in Section 10 Sec

Amendment of Article 19 to provide for the appointment of the independen auditors on the annual general abareholders' meeting.

Amendment of Article 20, second peragraph and thereto wording to the effect flat, upon a redemption request resulting as an aggregate residual abancholding of less than 100 US Dollars or a balance of less than 100 shares in any class, the Company may redeem all the remaining shares held by such shareholder.

Company may redoct all the remaining shares held by such shareholder.

Amendment of Article 20, sixth penagraph to classify that the Board may, subject to notice as described therein, redoctors the Shares of a class or merge that class with another class of Shares of the Corporation or with another Luvembourg UCTS fund, in case the Board deems it appropriate because of changes in the economical or political situation affecting the Corporation on the relevant Portfolio, provided that such a merger decision by the Board for other reasons may only be effected, subject to the approval of shareholders of the affected portfolio, at a duly convened class meeting requiring no querium and deciding at a simple majority of the Shares present or represented. Due to the fact that a first Extraordinary General Meeting held on August 26, 1994 did not reach a quorum, the second extraordinary general meeting requires no quorum of presence and decisions shall be carried if approved by 2/3 of the Stures present or represented.

Stareholders may vote by Ivoxy, which should be mailed to Banque Internationale à Luxembourg S.A., 69, route d'Eech, Luxembourg, so as to arrive no later than 23ed February, 1995 or faxed by such date to Bill, Service OPC (382) 4590 3331.

THE BOARD OF DIRECTORS

LAURIE

MERCURY OFFSHORE STERLING TRUST (SICAV) 14, rue Léon Thyes, L-2636 Luxembourg, R.C. Luxembourg No. 9, 24990 PAYMENT OF DIVIDEND

Notice is hereby given to shareholders that a final dividend for the year redicted 30th September, 1994 of 0.06p for the Global Fund has been declared by the Board. This dividend will be paid on 20th February, 1995 to registered shareholders of the Fund who were on the register at 15th

This dividend will be paid from 15th February, 1995 to bearer shareholder of the Fund against presentation of coupon no. 8 at any of the company's paying agents including its paying agent in the United Kingdom.

S.G.WARBURG & CO. LTD.

Credits Paying Agency, 2 Finsbury Avenue, London EC2M 2PA from whom claim forms can be obtained. United Kingdom tax will be ducted from claims in the United Kingdom at the rate of 25%, unless claims are accompanied by an affidavit. MERCURY OFFSHORE STERLING TRUST (SICAV)

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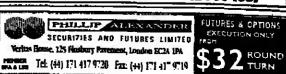
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BAR BEE . But . FINANCIAL TIMES FRIDAY FEBRUARY 17 1995 **LONDON SHARE SERVICE** INV TRUSTS SPLIT CAPITAL **DEL EXPLORATION & PRODUCTION - Cont.** 1994/3 194 2 194 2 194 2 194 2 194 2 244 2 194 2 194 2 194 2 195 2 195 2 195 2 195 2 196 2 186 (200 ) 187.7 | 187.8 | 187.7 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187.8 | 187 • • | Price | Price | Augilian | Spirit | S Mer Capture 1,443 73,5 26,5 12,1 23,2 36,4 57,3 1,844 171,1 642,6 1,942 447,3 641,5 1,942 447,3 1,942 - 5 :00 - 1 :0 ABIA CASCA-17.000 17.000 18.44.6 10.000 14.772 14.573 14.5 CANADIANS 1994/85

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Closing mid-prices are shown in perior unless difference stated. Highe and lows are based on intra-day mid-prices.

Where shocked are denominated in currencies other than starting, this is induced after the name.

Symbols referring to dividend clobus appear in the notes column (ch), as a guide to platin and PE ratios. Dividends and Dividend covers are published on Monday.

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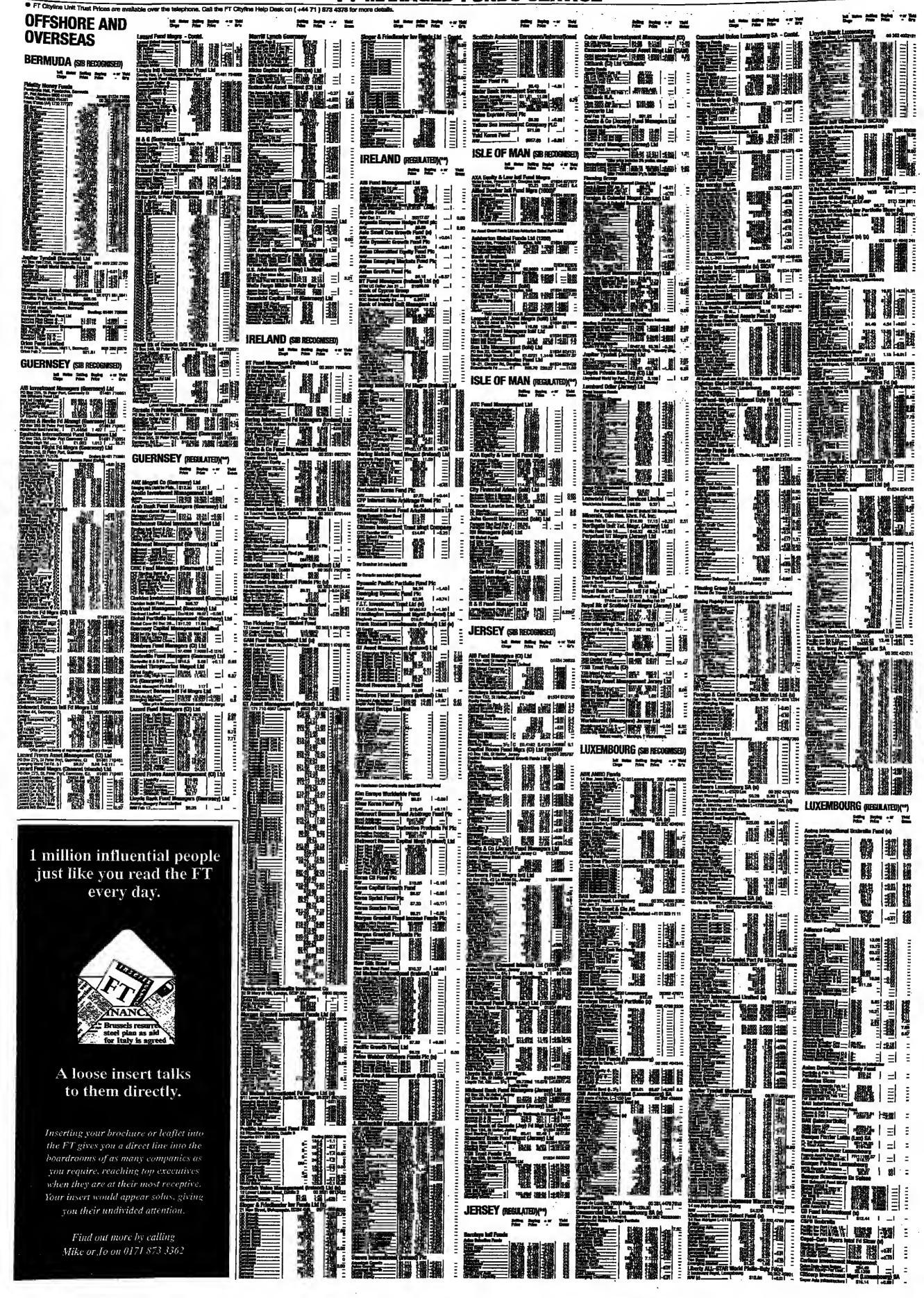
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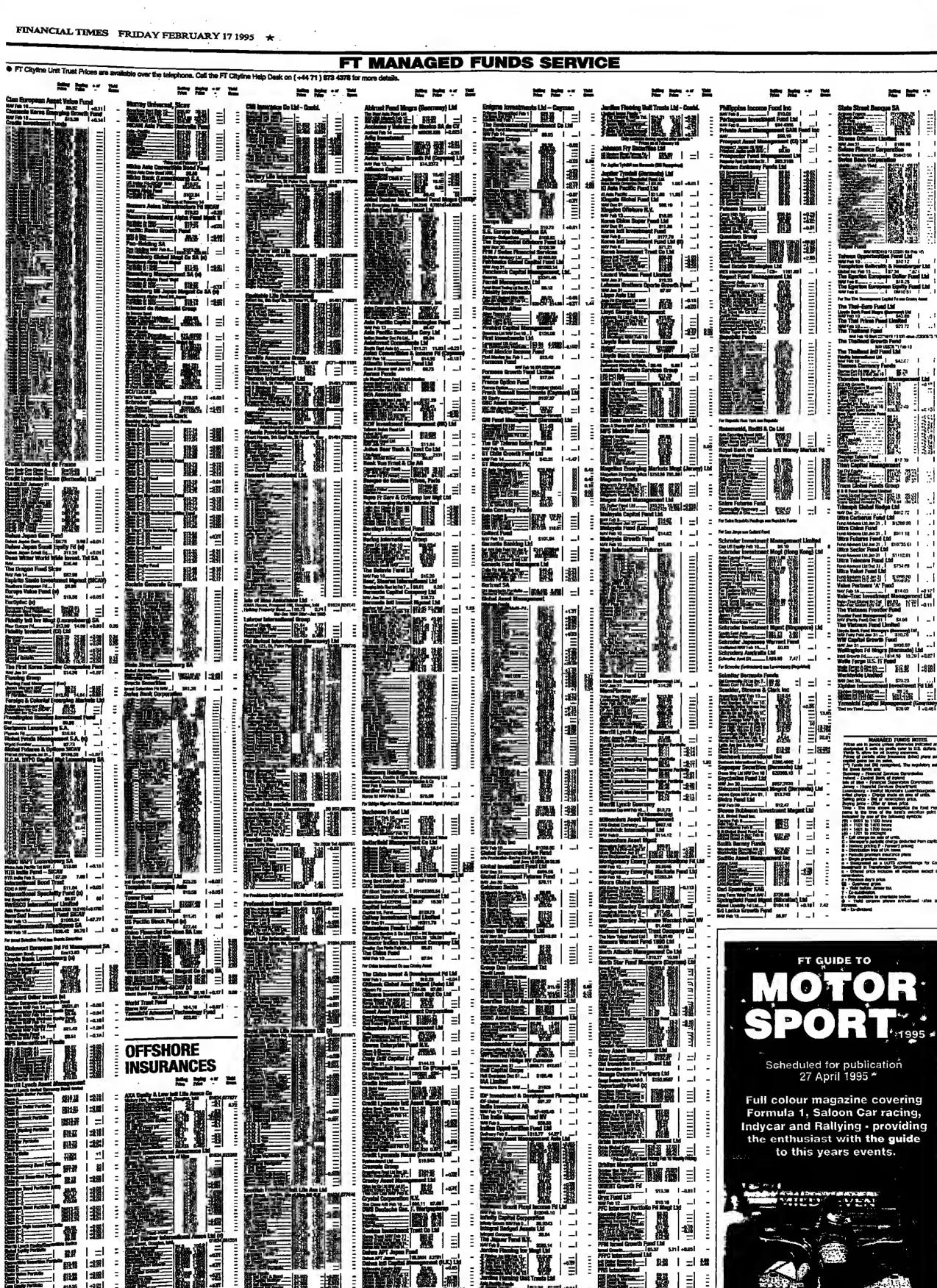
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#### LONDON STOCK EXCHANGE

# Currency factors drag blue chip shares lower

By Terry Byland, UK Stock Market Editor

An uncomfortable session in UK equities yesterday saw weakness in the dollar halt any attempt by London to follow Wall Street's overnight rise to new peaks. Losses in the blue chip stocks were extended towards the close when New York opened the new eession smartly down and the Mexican markets and currency also weakened.

A more considered response to Wednesday's data on the domestic economy did little to revive enthusiasm in equities. Store and consumer issues suffered in the wake of the sharp fall in January retail sales, but inflation concerns were not dis- Power and PowerGen contained no pelled by the 3.3 per cent year-onyear rise in the retail price index. At the close the FT-SE 100-share

index was 23.8 down at 3.083.9. against a low for the day of 3,046.9. Early trading saw the Footsie advance by 9 points, largely a catch-up response to Wall Street. But weakness in the dollar soon took the shine off the international exporting stocks.

There was no great selling pressure, however, and such features as there were focused around company news. The announcement of the pricing details for the institutional part of the government sale of its outstanding 40 per cent of National

surprises for the equity market. The big investment funds have long ago set aside cash for these operations.

A sudden jump in Seaq-reported trading volume unnerved the market at midday, prompting a sell-off in the futures market, where the March future contract on the FT-SE 100 Index dipped to a discount against the Pootsie itself.

The stock market quickly fell away, taking the Footsie to a net 23-point decline before traders iden-tified the increased volume as nothing more sinister than a single deal of 150m shares in a very low-priced stock. "Not even a penny stock," as one dealer put it.

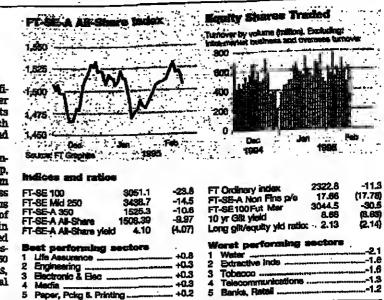
very slowly, only to turn off again as the March future contract reacted to early falls in the Dow Industrial Average, which was 20 points off during London hours.

Traders described the session as "disappointing rather than bear-ish", and commented that the sudden uncertainty in the currency markets had taken the impetus away from the stock market.

At home, share prices are now likely to be guided by the outcome of the corporate reporting season which opens next week. The downside of the apparent slowing in economic growth indicated by the January sales figures is expected

dence in the outlook for higher earnings and dividend payments from British companies which drove share prices ahead at the end of last year.

Seaq volume, boosted by the single large deal in Ticketing Group, jumped to 666.7m shares from Wednesday'e 501.5m; retail business was worth £1.57bn in the previous session. With the exception of this deal, the attention again switched back to the Footsle-listed stocks which are linked to futuresrelated trading. The FT-SE Mid 250 Index. taking in 150 smaller stocks, held its fall to 14.5 for a final reading of 3,438.7.



#### Lasmo hit by sellers

There was more evidence that the recent bout of takeover speculation surrounding ried out two days ago but not Lasmo might have run its course yesterday, as the share price drifted back a further 11/2 to 152p after some heavy selling. Turnover reached a befty 6.4m shares.

Lasmo shares ran up to 160p last week - their highest level for five months - after persistent rumours that the 10 per cent stake held by Enterprise Oil had been offered to potential bldders. Enterprise acquired the holding last year during its ill-fated takeover bid for Lasmo.

This week has seen the share price come under pressure. however, with Hoare Govett. ons of the oil sector's most influential broking houses, taking the shares off its buy list. it also transpired that much

of the buying that took place recently was on behalf of the Abu Dhabi Investment Authority, which announced that it had increased its holding by around 10m shares to 4.09 per cent. or 39.5m.

Dealers also said the burst of buying interest that began in earnest at the start of the month reflected no more than a clumsily executed buying order. Lasmo is scheduled to report its preliminary figures next month. Enterprise Oil eased 2 to 395p, with turnover reaching just short of lm. The latest rumour to attach

itself to Glaro's £9bn-plus offer for Wellcome is that a counterbidder is poised to emerge and will prove to be Zeneca, the pharmaceuticals business demerged from ICL

Some traders drew speculative conclusions yesterday when a trade of 2.3m Zeneca shares was reported at 905p a share. The deal was in fact carrevealed at the time, in accordance with Stock Exchange rules covering exceptionally large trades. Zeneca'e share price came off sharply and closed 15 lower at 895p, with final turnover of 4.5m shares

high for the stock. Msanwhile, Wellcome resisted the market slide, holding steady at 1023p to reflect the hope that a "white knight" bidder will indeed arrive and top Glaxo's offer. Glaxo slipped 2 to 641p.

Shares in industrial giant British Aerospace (BAe) registered one of the day's best per formances among FT-SE 100 constituents after NatWest Securities published a bullish circular on the group's valuation and urged investors to buy the stock.

Resisting the poor market trend, the shares raced abea 10% to 482p, and volume had risen to 3.1m by the close.

Analysts at NatWest said their earnings-based valuation model showed 573p a share to be the fair price for the stock. The broker said its model was based on a modest calculation which assumes a 30 per cent discount for profits of defence systems but a 20 per cent premium for Airbus profits. ĤAe is a 20 per cent stake holder in the Airbus consortium NatWest concludes by say

ing: "Our 1994-1997 forecasts point to modest cash genera-tion and a steady strengthening of the balance sheet."

Norcros, the building materials group, was the worst performer in the market, outside of so-called "penny stocks", the shares sliding 17 or 17.5 per cent to 80p, their lowest level since September 1993. At their worst yesterday the shares

The slide in the stock followed a warning that the company will post a loss for the year and that the dividend is jeopardy, after provisions

Willis Corroon was the outstanding performer in insurances, the shares adding 4 at 144p in turnover of 1.5m. Dealers said recent selling of the stock had been overdone and the market was left with a short position.

Composites attracted some

Royal Exchange, in which 7.8m shares changed hands; the stock held at 181p. Royal Insurance, scheduled to report next Thursday, relinquished 3

business, notably Guardian

early advance, touching 631p at one point, after a report that the bank may seek shareholder permission to buy in its own stock. However, subsequent profit-taking, prompted by scepticism that the bank would actually move to acquire the shares, saw the stock price retreat to close a net 8 off at

611p; turnover was 7.9m. The regional electricity companies (recs) were mostly easier in the wake of more profit-taking after Tuesday's clearance by the DTI of Trafalgar House's bid for Northern Electric.

Tha latter held at 1093p ahead of the expected defence exceptionally heavy two-way document from Northern's

FINANCIAL TIMES EQUITY INDICES

	Feb 18	Feb 15	Feb 14	Feb 13	Feb 10	Yr ago	THigh	Low
Ordinary Share	2322.8	2334.1	2334.7	2344.4	2984.8	2834.0	2713.4	2238.3
Ord. div. yield	4.55	4.53	4.50	4.48	444	3.50	4.86	3.43
Earn. yld. % full	278	275	6.66	6.63	6.57	3.82	6.84	3.82
P/E natio net	17.40	17.48	17.82	17.80	18.04	39.27	33.43	15.91
P/E natio na	16.57	18.65	18.94	17.01	17.18	30.75	30.80	15.37
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			Feb 16	Feb	15	Feb 14	Feb	13 F	th 10	Yr ago
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SEAO bergains	22,122	22,584	23,517	22,282	23,618	20,545
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Equity bergainst	-	31,687	30,652	31,183	31,442	33,540
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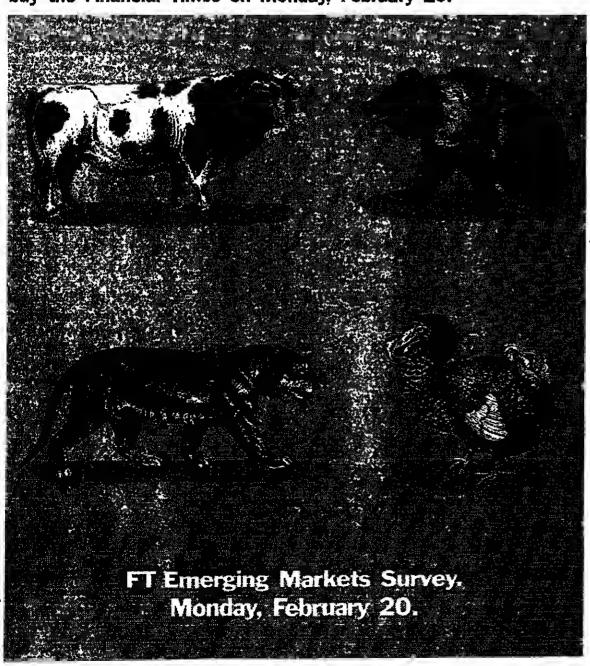
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Total Pissa	355	7otal Highs	23	Total contracts	52,588
Total Fulls		Total Lowe	114	Cathe	28,286
Same	1.639			Cathe Pubs	24,265

Financial Times. World Business Newspaper.

The Financial Times is publishing a special eight page survey on

the emerging markets around the world. It will discuss which are growing fastest, which are faltering and which are as dead as a dodo. The report also analyses the growth of economies in developing countries and the investment currently flowing into South East Asia and Eastern Europe.

So if you have an interest in any of the emerging markets, buy the Financial Times on Monday, February 20.



advisers, S.G. Warburg, which is expected to contain a pledge of a special dividend. penny firmer at 1178p.

There was renewed speculative demand for a handful of the sector's strongest bid favourites, notably Seeboard. which moved up 8 to 452p, and South Wales, 4 firmer at 656p. South Western gained 2 at 851p. Yorkshire, heavily tipped as a potential bid target for the Hanson group, shed 7 to 876p. Sellers got the upper hand in the water sector, where loss

of 14 were common to Southern, 564p, Welsh, 609p, and Yorkshire, 519p. Thames, 10 lower at 478p, was the most heavily traded stock in the sector, with 3.5m shares changing

News and electronic information group Renters Holdings was the brightest spot among the top 100 London stocks. The market felt that the selling around the full year figures had been overdone and began to respond to some enthusiastic buy recommendations.

Among the enthusiasts was NatWest Securities analyst Ms Belinda Clifton who argued: "At a 27 per cent premium to December 1996, the shares look exceptionally good value."

As US selling appeared to

dry up, ICI recovered 6 to 737p. However, NatWest believes they are still overvalued. Elsewhere, leading dollar earning stocks were affected

by the weakness of the US currency. Food manufacturing group Carlbury Schweppes moved 6% ahead to 425p, after BZW reiterated its buy recommendation

on the stock. Shares in Unigate lost 4 to 352p on reports that Swiss group Sandoz was not interested in buying Unigate's 33 per cent stake in Dutch group

Profit-takers gained the upper hand in United Biscuits leaving the shares 6 lower at 346p. However vague bid talk

NatWest Securities advised clients to buy Unilever, a

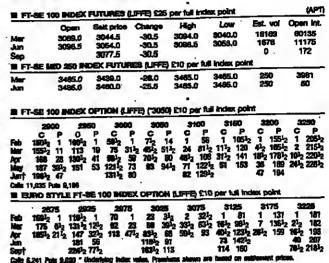
A trading update from Albert Fisher helped the shares harden a penny to 45p. British Steel were in demand with sentiment boosted by news that the government is launching a monitoring group to check on state aid and unfair practices in the Euro-pean steel industry. The shares hardened % to 152%p, in trade

General profit-taking, together with news that Mr Alan Jones, chairman of GRN's Westland subsidiary, is to leave for BICC, left the former 9 lower at 577p. BICC rose 7 to 328p, in celebration.

Laird Group gave up 7 to 323p, following an agency cross in the shares at 320p.. Marks and Spencer fell 7% to 379%p, with James Capel said to have a large line of stock.

Pharmaceuticals group Chiroscience improved 4 to 123p, with the help of a Yamaichi buy recommendation

FUTURES AND OPTIONS



TRADING VOLUME

MARKET REPORTERS: Steve Thompson, Peter John, Joel Kbazo.

LONDON RECENT ISSUES: EQUITIES hause Armt Lifet. price paid cap 1994/95 p up (2m.) High Low Stock Div. Gra. P/E cov. yld 'net \$10 F.P. 17.1 13\(\frac{1}{4}\) 13 Bath Press

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Acutratada (7)	1859.56	+0.2	1855,18	1983.78	2579.18	0,59	2051,49	1784.2
North America (11)	1381.51	+0.0	1391,18	1362.43	1755,17	0.81	1911.21	1348.18
Copyright, The Prescript Figures in brackets show Predecessor Gold Minus	purchar (	of codops	ries, Ber	L US D	der Be	to Values 10	mn.00 \$1	/12/02,
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20 GEM RRUNSTERMALS(Z78) 1911.81	94.28 96.21 96.21 18.01 133.03 133.03 137.21 139.72 42.62 42.62 147.41 169.51 169.51 17.47 169.51 169.5
20 GEN   ROUNSTRALIS[278]   1811.81   -0.4   1815.77   1820.85   1827.48   2205.88   4.22   6.01   19.80   1.77   93.55   20.8   242.3   250.79   939.10   1560.22   4.16   5.76   19.25   0.81   74   74   74   74   74   74   74   7	94.28 96.21 96.21 18.01 13.07 32.31 11.50 13.72 142.62 17.41 19.27 19.37 17.47 18.89 19.37 17.47 18.89 19.37 17.47 18.89 19.37 1
20 GEM (ROUISTRIAL SIZ78) 1911.91 -0.4 1516.77 1820.95 1827.48 227.558 4.52 8.01 19.80 1.77 982 81.84 81.94 81.95 1.77 982 81.84 81.95 1.77 982 81.84 81.95 1.77 982 81.84 81.95 1.77 982 81.84 81.95 1.77 982 81.84 81.95 1.77 982 81.95 1.77 982 81.95 1.77 982 81.95 1.77 982 81.95 1.77 982 81.95 1.77 982 81.95 1.77 982 81.95 1.77 982 81.95 1.77 982 81.11 982 91.95 1.77 982 81.11 982 91.95 1.77 982 81.11 982 91.95 1.77 982 81.11 982 91.95 1.77 982 81.11 982 91.95 1.77 982 81.11 982 91.95 1.77 982 81.11 982 91.95 1.77 982 81.11 982 91.95 1.77 982 81.11 982 91.95 1.77 982 81.11 982 91.95 1.77 982 91.95 1.77 982 91.95 1.77 982 91.95 1.77 982 91.95 1.77 982 91.95 1.77 982 91.95 1.77 982 91.95 1.77 982 91.95 1.77 982 91.95 1.77 91.95 1.	94.28 96.21 96.21 18.01 13.07 32.31 11.50 13.72 142.62 17.41 168.29 19.37 17.47 18.89 18.89 18.42 18.89
20 GEN (ROUSTINAL S(278) 1611.61 -0.4 1616.77 1820.95 1827.48 2205.56 4.52 6.07 19.25 0.81 74 8 18 18 18 18 18 18 18 18 18 18 18 18 1	94.28 92.32 98.21 98.21 18.01 18.01 17.21 17
20 GEN ROUSTRIAL S(278) 1911.91 -0.4 1816.77 1820.95 1827.46 2205.56 4.52 6.01 19.80 1.77 982 19.84 19.95 10.1550.22 4.15 6.76 19.25 0.81 74 1	94.28 96.21 96.60 133.07 32.31 141.50 17.21 169.51 169.51 17.47 48.70 18.46
20 GEN (ROULET FIALL SIZETS) 1814.81	94.28 92.29 96.21 98.21 98.21 18.01 13.07 32.31 11.50 17.21 38.72 42.62 17.41 18.29 18.37 17.47 18.37 18.46 18.40 18
20 GEN #ROUSTRIALS(278) 21 Building & Construction(35) 22 Building & Construction(35) 23 Chardinals(3) 21 Egg. 7 -1.0 1785.37 1746.84 1762.07 2348.84 4.66 6.47 18.08 0.20 81 23 Chardinals(3) 21 Egg. 7 -1.0 1785.37 1746.84 1762.07 2348.84 4.66 6.47 18.08 0.20 81 23 Chardinals(3) 21 Egg. 7 -1.0 1785.37 1746.84 1762.07 2348.84 4.66 6.47 18.08 0.20 81 23 Chardinals(3) 21 Egg. 7 -1.0 1785.37 1746.84 1762.07 2348.84 4.67 18.08 0.20 81 23 Chardinals(3) 25 Engineering(72) 26 Engineering(72) 27 Engineering, Verticles(13) 27 Engineering, Verticles(13) 27 Engineering, Verticles(13) 27 Engineering, Verticles(13) 28 Paper, Pckg 5. Printing(27) 29 Textiles 6 Appreh(21) 27 Engineering (72) 27 Engineering, Verticles(13) 28 Paper, Pckg 5. Printing(27) 29 Textiles 6 Appreh(21) 29 Textiles 6 Appreh(21) 20 CONSUMER GOODS(8) 20 CONSUMER GOODS(8) 2145.83 20 Engineering(72) 2145.83 22 Egg. 7 2882.09 285.18 2882.00 285.84 285.84 285.87 2858.82 2858.82 2858.82 2858.82 2858.82 2858.82 2858.82 2858.83	94.28 95.21 96.21 96.21 96.21 97.21
20 GEN #ROUSTRIALS;278 21 Building & Construction(35) 22 Building & Construction(35) 23 Chemicals (13) 24 Diversified Industrials (17) 25 Equipment (12) 26 Engineering (12) 27 Engineering (12) 28 Engineering (12) 29 Tengineering (12) 21 Triz (13) 21 Triz (14) 21 Triz (14) 21 Triz (15) 21 Engineering (14) 22 Triz (15) 23 Engineering (15) 24 Diversified Industrials (17) 25 Engineering (12) 26 Engineering (12) 27 Engineering (12) 27 Engineering (13) 28 Engineering (14) 29 Tengineering (14) 20 Engineering (14) 20 Engineering (15) 21 Triz (15) 21 Tri	94.28 92.52 96.21 96.80 18.01 13.07 13.07 17.21 196.29 17.41 196.29 197.47 148.70 11.57 148.70
20 GEN #OUSTRIALS(279) 1811.81 -0.4 1616.77 1820.95 1827.46 2205.56 4.52 6.01 19.80 1.77 93. 21 Budding A Construction(38) 936.55 -0.6 842.35 850.79 989.10 1550.52 4.16 6.76 19.25 0.81 17.72 -1.0 1735.37 1746.44 1762.07 2348.84 4.46 6.47 16.86 0.20 81 23 Chemicals(23) 2195.57 40.1 2194.04 2190.93 2202.96 2451.52 4.31 5.38 22.81 0.59 96 24 Diversible Industrials(17) 1796.86 -1.1 1816.73 1815.73 18107.55 2182.07 6.15 0.80 17.41 3.06 96 25 Engineering(72) 1762.16 +0.3 1736.22 1736.12 1747.23 1862.72 3.47 5.64 2.83 2.87 10.2 27 Engineering(72) 1742.16 +0.3 1736.22 1736.12 1747.23 1862.72 3.47 5.64 2.83 2.87 10.2 27 Engineering (72) 1745.18 +0.2 2707.42 2712.46 2124.26 2123.07 2440.48 4.76 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2123.07 2440.48 4.76 6.71 19.34 1.00 83 10.74 10.74 10.75 10.	94.28 92.32 96.21 96.60 18.01 133.07 32.31 17.21 17.21 169.51 169.51 169.51 17.47 48.70 48.70
20 GEN #OUSTRIALS(279) 1811.81 -0.4 1616.77 1820.95 1827.46 2205.56 4.52 6.01 19.80 1.77 93. 21 Budding A Construction(38) 936.55 -0.6 842.35 850.79 989.10 1550.52 4.16 6.76 19.25 0.81 17.72 -1.0 1735.37 1746.44 1762.07 2348.84 4.46 6.47 16.86 0.20 81 23 Chemicals(23) 2195.57 40.1 2194.04 2190.93 2202.96 2451.52 4.31 5.38 22.81 0.59 96 24 Diversible Industrials(17) 1796.86 -1.1 1816.73 1815.73 18107.55 2182.07 6.15 0.80 17.41 3.06 96 25 Engineering(72) 1762.16 +0.3 1736.22 1736.12 1747.23 1862.72 3.47 5.64 2.83 2.87 10.2 27 Engineering(72) 1742.16 +0.3 1736.22 1736.12 1747.23 1862.72 3.47 5.64 2.83 2.87 10.2 27 Engineering (72) 1745.18 +0.2 2707.42 2712.46 2124.26 2123.07 2440.48 4.76 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2124.26 2123.07 2440.48 4.76 1.84 80.00 0 0.18 10.74 2.7 122.46 2123.07 2440.48 4.76 6.71 19.34 1.00 83 10.74 10.74 10.75 10.	94.28 92.32 98.21 98.21 98.21 98.23 93.33 93.33 93.23
20 GEN #BUSTRIALS(279) 1811.81 -0.4 1516.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93 93 93 93 93 93 93 93 93 93 93 93 93	94.28 94.28 92.52 93.07 93.07 93.07 93.07 942.62 97.41 99.51 99.51 99.57 9
20 GEN #00USTRIALS(279) 1811.81 -0.4 1516.77 1820.95 1827.48 2205.58 4.52 6.01 19.80 1.77 93. 28 Building & Construction(38) 1717.27 -1.0 1735.37 1746.49 1752.07 12348.84 4.46 6.47 16.56 0.20 81. 23 Chemicals(23) 2195.67 +0.1 1735.37 1746.49 1752.07 12348.84 4.46 6.47 16.56 0.20 81. 23 Chemicals(23) 2195.67 +0.1 1735.37 1746.49 1752.07 12348.84 4.46 6.47 16.56 0.20 81. 23 Chemicals(23) 2195.67 +0.1 1735.37 1746.49 1752.07 1747.23 1820.25 2182.07 6.15 0.60 174.1 3.06 95. 25 Engineering (72) 1756.88 -1.1 1816.73 1815.73 18107.55 2182.07 6.15 0.60 174.1 3.06 95. 25 Engineering (72) 1742.16 +0.3 1736.22 1736.12 1747.23 1822.72 3.47 5.64 20.85 2.67 100. 27 Engineering, Vehicles(13) 2771.15 +0.2 1707.45 -0.7 2122.48 2124.29 2123.07 2440.48 4.75 1.84 80.001 0.18 103 27 Paper, Pedg 6, Printing (27) 1459.40 -0.7 2122.48 2124.29 2123.07 2440.48 4.75 1.84 80.001 0.18 103 27 Paper, Pedg 6, Printing (27) 1459.40 -0.7 2122.48 2124.29 2123.07 2440.48 4.75 1.84 80.001 0.18 103 27 Paper, Pedg 6, Printing (27) 1459.40 -0.7 2122.48 2124.09 2193.07 2440.48 4.75 1.84 80.001 0.18 103 27 Paper, Pedg 6, Printing (27) 1459.40 -0.7 2122.48 2124.09 1984.53 4.54 6.71 18.34 1.00 83 1.00 20 20 20 20 20 20 20 20 20 20 20 20 2	94.28 95.21 96.21 96.21 96.21 933.07 32.31 33.07 33.37 342.62 17.41 96.51 17.47 17.47 17.47 17.47
20 GEN #00USTRIALS(279) 1811.81 -0.4 1616.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93 93 93 93 93 93 93 93 93 93 93 93 93	94.28 95.21 95.21 95.07 95.07 92.91 91.50 17.21 98.72 98.37 98.37
20 GEN #OUSTRIALS(279) 1811.81 -0.4 1616.77 1820.95 1827.48 2205.58 4.52 6.01 19.80 1.77 93. 28 Building & Construction(38) 236.55 -0.8 942.35 850.79 989.10 1550.26 4.16 6.75 19.25 0.81 17.727 -1.0 1735.37 1746.48 1762.07 1246.84 4.46 6.47 16.86 0.20 81. 23 Chemistatis(23) 2195.67 +0.1 1735.37 1746.48 1762.07 2348.84 4.46 6.47 16.86 0.20 81. 23 Chemistatis(23) 2195.67 +0.1 1816.73 1615.73 1807.55 2182.07 6.15 0.80 17.41 3.06 96. 24 Diversible Industrials(17) 1736.88 -1.1 1816.73 1615.73 1807.55 2182.07 6.15 0.80 17.41 3.06 97. 25 Engineering(72) 1742.16 +0.3 1736.22 1736.12 1747.23 1962.72 3.47 5.64 2.83 2.87 10.2 27 Engineering(72) 1742.16 +0.3 1736.22 1736.12 1747.23 1962.72 3.47 5.64 2.83 2.87 10.2 27 Engineering (172) 1742.16 +0.3 1736.22 1736.12 1747.23 1962.72 3.47 5.64 2.83 2.87 10.2 27 Engineering (172) 1745.16 +0.2 1736.22 1736.12 1747.23 1962.72 3.47 5.64 2.83 2.87 10.2 27 Engineering (172) 1745.18 +0.2 2707.21 2712.25 2724.87 3005.55 3.51 5.82 19.50 0.17 107 29 Textes 5 Apparei(21) 1459.40 -0.7 1469.16 1473.26 1480.20 1984.53 4.56 6.71 19.34 1.00 83 35 Paper, Polog 6, Printing(27) 1459.40 -0.7 1469.16 1473.26 1480.20 1984.53 4.56 6.71 19.34 1.00 83 35 Paper, Polog 6, Printing(27) 2712.46 250.87 2805.09 287.85 2808.72 2808.81 8136.13 4.49 7.76 15.54 28.03 88 35 Paper (172) 2712.46 2808.82 2850.98 287.85 2808.81 8136.13 4.49 7.76 15.24 28.03 88 35 Paper (172) 2712.46 2808.82 2850.86	94.28 92.52 95.21 96.60 18.01 33.07 32.91 17.21 98.72 42.62 17.41 69.51 96.37
20 GEN #00USTRIALS(279) 1811.81 -0.4 1616.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93. 28 Building A Construction(38) 936.55 -0.8 942.35 850.79 999.10 1550.82 4.16 6.75 19.25 0.81 17.72 -1.0 1735.37 1746.48 1762.07 2348.84 4.46 6.47 16.86 0.20 811.23 (Chemicals(23) 2105.67 +0.1 2194.04 2190.93 2202.96 2451.52 4.31 5.38 22.81 0.58 96 96 10.0 10.0 10.0 174.1 3.06 96 1.1 1816.73 1615.73 1617.35 2182.07 6.15 0.60 174.1 3.06 96 17.47 2.01 93. 25 Engineering(72) 1742.16 +0.3 1736.22 1736.12 1747.23 1982.72 3.47 5.64 20.83 2.67 10.0 17.47 2.01 93. 25 Engineering (72) 1742.16 +0.3 1736.22 1736.12 1747.23 1982.72 3.47 5.64 20.83 2.67 10.0 17.47 2.01 93. 25 Paper, Polag 6. Phristog(27) 2713.15 +0.2 2707.21 2712.55 2724.87 3005.55 3.51 6.82 18.50 0.17 107 29 Testles 6 Apparel(21) 1459.40 -0.7 1469.18 1473.26 1480.20 1994.53 4.54 6.71 19.34 1.00 39. 2707.21 2712.25 2725.87 2806.9 2807.85 2801.72 4.92 1.0 16.20 17.50 99. 2709.21 2712.25 2713.15 4.0 2707.21 2712.25 2713.25 2714.75 2806.55 3.51 6.82 18.50 0.17 107 107 29 Testles 6 Apparel(21) 2536.50 -0.8 2707.21 2712.25 2713.2	44.28 52.32 56.21 56.60 53.07 32.31 56.72 42.62 17.41 69.51 68.29
20 GEN #00USTRIALS(279) 1811.81 -0.4 1516.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93 93 93 93 93 93 93 93 93 93 93 93 93	94.28 32.32 35.21 06.60 18.01 33.07 32.31 41.50 17.21 38.72 42.62 17.41
20 GEN #00USTRIALS(279) 1811.81 -0.4 1616.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93 1826.61	14.28 18.21 18.01 18.07 13.07 17.21 18.72 17.21
20 GEN #DUSTRIALS(278) 1811.81 -0.4 1616.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93 1836.619 19.85 0.81 17.77 93 1956.55 -0.8 942.53 850.79 959.10 1550.22 4.16 6.76 19.25 0.81 17.72 -1.0 1735.37 1746.84 1762.07 1248.84 4.46 6.47 16.88 0.20 81 23 Chemicals(23) 2195.57 +0.1 2194.04 2190.93 2202.96 2451.52 4.31 5.38 22.81 0.59 96 24 Diversited Industrials(17) 1736.86 -1.1 1816.73 1615.73 1807.55 2182.07 5.18 0.60 17.41 3.06 97 17.55 Bechronic 5. Bect Equip(83) 1742.16 +0.3 1736.22 1736.12 1747.23 1962.72 3.47 5.64 20.83 2.87 100 28 Engineering(72) 1742.16 +0.3 1736.22 1736.12 1747.23 1962.72 3.47 5.64 20.83 2.87 100 28 Paper, Poleg 6. Printing(27) 2713.18 +0.2 2707.21 2712.58 2724.87 3005.55 3.31 5.82 18.50 0.17 10 29 Teadlet 6 Apparel(21) 1459.40 -0.7 1469.16 1473.26 1480.20 1994.63 4.54 5.71 18.34 1.00 89 18 189 189 189 189 189 189 189 189 1	4.28 82.52 95.21 95.01 95.07 32.91 91.50
20 GEN #BUSTRIALS(279) 1811.81 -0.4 1816.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93 183 183 183 183 183 183 183 183 183 18	44.28 82.52 95.21 96.60 18.01 93.07 32.91 91.50
20 GEN #BUUSTRIALS(279) 1811.81 -0.4 1816.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93 128 Building & Construction(38) 236.55 -0.8 842.39 850.79 959.10 1505.02 4.15 6.75 19.25 0.81 74 22 Building & Months & Mercha(1) 177.27 -1.0 1735.37 1746.84 1762.07 2348.84 4.46 6.47 16.86 0.20 81 23 Chemicals(23) 2195.67 +0.1 2194.04 2190.93 2202.86 2451.52 4.91 5.38 22.81 0.99 95 10 1505.05 2182.07 1706.88 -1.1 1816.73 1815.73 1807.58 2182.07 6.15 0.80 17.41 3.06 95 175 1820.07 1706.88 1.0 1106.88 1875.95 1895.02 2228.62 4.91 5.38 22.81 0.99 95 10 1505.07 1706.88 1.0 1106.88 1875.95 1895.02 2228.62 4.91 5.38 22.81 0.99 95 10 1505.07 1706.88 1.0 1706.88	94.28 95.21 96.21 98.01 98.01 93.07
20 GEN #DUSTRIALS(278) 1811.81 -0.4 1816.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93 1836.619 4.00 181.01 1850.22 6.18 42.33 850.79 939.10 1850.22 4.16 6.76 19.25 0.81 17.72 7 -1.0 1735.37 1746.84 1762.07 1246.84 4.46 6.47 16.86 0.20 81 23 Chemistatic(23) 2195.57 +0.1 1735.37 1746.84 1762.07 1246.84 4.46 6.47 16.86 0.20 81 23 Chemistatic(23) 2195.57 +0.1 1735.37 1746.84 1762.07 1246.24 1807.55 2182.07 5.18 0.60 17.41 3.06 96 17.41 3.06 96 1.1 1816.73 1816.73 1816.73 1817.75 1815.73 1807.55 2182.07 4.02 4.02 4.79 17.47 2.01 93 1858.87 +0.3 1880.48 1975.95 1895.02 2228.82 4.12 4.79 17.47 2.01 93 1858.87 +0.3 1880.48 1975.95 1895.02 2228.82 4.12 4.79 17.47 2.01 93 1858.87 +0.3 1880.48 1975.95 1895.02 2228.82 4.12 4.79 17.47 2.01 93 1858.87 +0.3 1880.48 1975.95 1895.02 2228.82 4.12 4.79 17.47 2.01 93 1858.87 +0.3 1736.22 1736.12 1747.23 1962.72 3.47 5.64 2.08 2.57 100 93 1745.20 1745.25 1745.25 2745.87 3005.55 3.1 5.82 18.50 0.77 107 107 107 107 107 107 107 107 107 1	94.28 92.32 95.21 08.60 18.01
20 GEN #ROUSTRIALS(279) 1811.81 -0.4 1816.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93 93 93 93 93 93 93 93 93 93 93 93 93	14.28 12.52 15.21 06.60
20 GEN #POUSTRIALS(278) 1811.81 -0.4 1816.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93 1826.679 939.10 1550.22 4.16 6.75 19.25 0.81 17.72 -0.8 942.33 850.79 939.10 1550.22 4.16 6.75 19.25 0.81 17.72 -1.0 1735.37 1746.84 1762.07 12348.84 4.46 6.47 16.86 0.20 81 23 Chemistais(23) 2195.67 +0.1 2194.04 2190.93 2202.96 2451.52 4.31 5.38 22.81 0.59 96 24 Diversible Industrials(17) 1796.88 -1.1 1816.73 1815.73 18107.55 2182.07 6.15 0.60 17.41 3.06 96 17.42 1.56 182.07 1888.87 +0.3 1880.48 1875.95 1895.02 2228.82 4.16 2.75 17.47 2.01 93 25 Engineering (72) 1742.16 +0.3 1736.22 1736.12 1747.23 1982.72 3.47 5.64 2.83 2.87 100 27 Engineering (72) 27 Engineering (73) 2713.18 +0.2 2707.21 2712.24 81294.09 1293.07 2440.48 4.76 4.76 1.84 80.00 0 0.18 1893.00 -0.7 14694.16 1473.26 1480.20 1994.53 4.56 6.71 19.34 1.00 83 18 reversion (73) 31 Breveries (73) 2445.53 -0.8 2157.28 2151.28 2144.76 2250.85 4.49 8.57 14.05 98 32 Spitts, Wires & Cidera(16) 2556.82 -1.2 2566.77 2582.95 2508.81 8136.13 4.49 7.76 15.24 20.30 88	4.28 12.52 16.21
20 GEN #BUSTRIALS(279) 1811.81 -0.4 1616.77 1820.95 1827.48 2205.58 4.32 6.01 19.80 1.77 93.   21 Building & Construction(36) 936.55 -0.8 942.39 959.10 1550.82 4.16 6.76 19.80 1.77 93.   22 Building & Marita & Marcha(1) 177.27 -1.0 1735.37 1746.84 1762.07 2348.84 4.46 6.47 16.86 0.20 811   23 Chemicata(23) 2195.57 +0.1 2194.04 2190.93 2202.98 2451.52 4.91 5.38 22.81 0.99 96   24 Diversified Industrials(17) 1706.86 -1.1 1816.73 1815.73 1807.58 2182.07 6.18 0.80 17.41 3.06 96   25 Engineering (2) 1742.16 +0.3 1736.22 1736.12 1747.23 1922.72 3.47 5.64 20.83 2.87 10.27 Engineering (2) 1742.16 +0.3 1736.22 1736.12 1747.23 1922.72 3.47 5.64 20.83 2.87 10.27 Engineering (2) 2713.18 +0.2 2707.21 2712.58 2724.67 3006.55 3.31 5.82 18.50 0.17 107 29 Teachers 6 Appared(21) 1459.40 -0.7 1469.18 1473.26 1480.20 1994.63 4.64 6.71 18.44 1.00 89   30 CONSIJABER GOODS(86) 2463.29 -0.7 292.72 292.62 203.72 4.52 203.72 4.52 17.0 17.50 93   31 Braverica(15) 2463.53 -0.8 2915/28 2167.28 2167.48 2250.65 4.8 6.57 14.05 10.49 965	14.28 12.32
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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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231-2 Figure 237
231-3 231-7 Food Page 3
231-7 Food Pa

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#### Mexico, Brazil sharply lower after Sidek default

early trading, hit by fears of a liquidity crisis at some Mexican companies after one of them, Sidek, a steel group, defaulted on a short-term loan

The IPC index was down 49.51 or 2.7 per cent et 1,748.49. Voluma was low at 6.6m shares valued at 54.6m new pesos, with very few foreign

investors active. The US tried to calm worries by saying that "good progress" was being made in talks on the

MEXICAN stocks tumbled in SAO PAULO dropped 6.8 per cent in nervous morning trade on mounting concern at the Mexican economic situation following naws of Sidek's default. The Bovespa index was 2,093 weaker at 28,601 by early afternoon in low turnover of R\$130.8m (\$154.8m). President Fernando Henrigoa Cardoso failed to lift investors' spirits at his first

news conference since he came

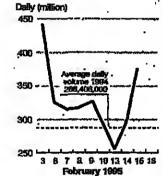
government's constitutional

# fell 7.7 per cent to R\$22.70. **Profit-taking** leads US stocks down

Wall Street US shares proved unable to sustain Wednesday's record highs yesterday morning in spite of data giving further indications that the economy was slowing, writes Lisa Bran-

sten in New York. At 1 pm the Dow Jones Industrial Average was off 5.38 at 3,980.79, down from Wednesday's record close, but still ebove the previous high of 3,978.36 set on January 31 of last year. The Standard & Poor's 500 lost 0.55 at 483.99. The American SE composite declined 1.16 to 448.19 and the Nasdag composite fell 3.58 to 792.05. Trading volume on the

#### NYSE came to 202m shares. Wednesday's market surged



to record levels as economic news led many to bet that the Federal Reserve might not boost interest rates again.

Analysts attributed yester-day's declines to profit-taking as new economic data was mostly weaker than expected. Housing starts dropped nearly 10 per cent in January and the number of people filing first time claims for unemployment benefits rose by 20,000.

And although the Federal Reserve Bank of Philadelphia's index of business activity edged up to 11.9 per cent for February from 10.4 per cent in January, there was a substan-tial decline in the important prices paid sub-index. Prices by manufacturers declined to 46.2 per cent from 55.0 per cent in January.

Johannesburg extended early declines as buyars remained scarce and sellers gathered. Gold shares, which strug-

lower gold production figures

Figures in parentheses show number of lines

Belgium (35) ... Brazil (28).....

Canada (103) \_ Denmark (33) \_ Finland (24) \_\_\_\_ France (101) \_\_\_

Hong Kong (56)

81) cobast

New Zealand (14). Norway (23)...... Singspore (44)..... South Africa (56)...

Pacific Basin (809) Euro-Pacific (1529

Burope Ex. UK (516). Pacific Ex. Jepen (32) World Ex. US (1737).

The World Index (2250)...

FT-ACTUARIES WORLD INDICES

US Dollar Index

.171.36 .121.88

258.05

.165.82 .148.06 .329.02

211.85

....61.02

.213.07

303.62

.184.65 .1**96.5**1

.172.35 .235.62

...171.47

Day's Change %

151.97 154.48 115.58 119.88 245.55 120.49 157.24 140.42 512.00 200.89 78.83 134.85 484.17 872.70 202.05 331.98 287.91 128.71 128.71 128.71 128.71 128.71 128.71 128.71 128.71 128.71 128.71 128.71 128.71 138.82 184.82 188

172.40 163.43 223.43 142.90 161.97 184.00 148.02

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113.09 107.21 146.56 93.74 99.29 120.70 97.08 145.29 99.46 105.25

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47... 97.99 18.50 2.17 193.76 P 122.41 131.65 183.17 206.56 183.18 121.5 182.58 121.5 182.58 147

125.68 136.03 134.57 95.58 99.13 203.07 149.26 130.04 116.12 258.03 186.13 63.54 111.52

185.62 136.15 116.12 326.57 192.02 97.16 88.45 480.97 5982.04

172.08 50.84 191.15 234.63 261.13 133.47 269.68 133.93 145.94 184.87 196.51

152.50 151.60 217.76 97.99

The overall index declined 44.9 to 5,146.1, industrials fell 34.4 to 6,810.9 and golds receded 36.5 to 1.583.

Anglos ended R3 lower at R188, De Beers was 50 cents softer at R83.75 and JCI lost R1.25 at R91.75. Lonrho picked

Shares in the three major long distance telephone compawere off sharply after AT&T sparked fears of a rate war by approuncing that it would cut some consumer

AT&T dropped \$1% to \$50%, Sprint retreated \$1 to \$29% and MCI was off \$1 at \$19%. Separately, LIN Broadcasting, of which AT&T owns 52 per cent, dropped \$10 to \$130

after reports late on Wednesday that the two companies had sharp differences over the value of the publicly traded portion of LIN. Hewlett-Packard shares

jumped \$8% to \$114% after it announced earnings more than 30 per cent ahead of most analysts' expectations. The computer company announced first quarter earnings of \$2.30 per

Other high technology issues were also higher yesterday and the Pacific Stock Exchange Technology Index was among the few indices to post a gain. In the early afternoon the index was up just over 0.4 per

Among individual shares, Apple Computer climbed \$\frac{1}{4} at \$43, Compaq Computer was up \$% at \$37% and Digital Equipment increased \$% at \$36%.

Toronto was lower at midday as the Canadian currency weakened after Moody's said that it was worried about the madium-term deficit outlook and warned that it might downgrade the country's debt

The TSE-300 Composite index fell 13.34 to 4.111.90 in light volume of 22.9m shares, with investors said to be worried about the forthcoming fed-

eral budget.
Of the 14 sub-indices, nine posted losses by noon, led by banks, energy, utilities and

merchandising. Gaining groups were led by golds on firmer Comex gold bullion prices.

IPL Energy eased C\$% to C\$28 after securities regulators rejected the group's bid for an earlier than normal takeover of Producers Pipelines.

#### S Africa extends early losses

gled after a dip in the bullion price overnight, came under further pressure after sharply

# Banks mixed as currency weakness hits bourses

Currency weakness hit bourses but a mixed day for European banks saw Bancaire beat the CAC-40 downtrend, torites Our

Markets Staff. A catalogue of depressants, meanwhile, hit Bancaire's Italian counterparts. There was a mixed response to sector news and views in Lisbon and Copenhagen, and punishment for property losses at S-E-

Banken in Sweden. PARIS saw currency market to office, called to outline the turbulence spill over into equi-ties as the franc weakened reform plan, Telebras preferred sharply against the D-Mark to touch a 15-month low. The CAC-40 index declined 26.90 or 1.4 per cent to 1,835.00, off a low of 1,825, in turnover esti-

mated at FFr3.7bn. Brokers also reported that outcome of the forthcoming presidential election, after an opinion poll showed that Mr Edouard Balladur's lead had been whittled away by the

Bancaire, one of the few CAC stocks to move against the trend, put on FFr8.40 or 1.8 per cent at FFr486.80. Mr James Hyde, banking analyst at Williams de Broë in London, commented ahead of today's analysts' meeting that the results.

above expectations, appeared to have been assisted by extraordinary fourth-quarter gains from tha parent company, as well as its own capital market activities. In addition. he said, losses at its property development unit were not as bad as had been feared. Paribas slipped FFr4.10 to FFr322.

FRANKFURT took profits, with the Dax index falling 19.32 to 2,115.72. A weak dollar helped the lbis indicated Dax close with a fall of 23.43 at 2,112.06 after a low of 2,107.00. Turnover rose from DM7.7hn to

DM9.2bn

Talk of a metal industry strike weakened carmakers and engineers, Volkswagen los-ing DM8.60 at DM410.40 and Thyssen DM6.20 at DM297.80. Hoechst shed DM6 to DM330 after reports that it planned to pay DM3bn or more for a 51 per cent stake in the US Dow Chemical unit, Marion Merrell Dow, within the next month. RWE, the utility group, rose gainst the trend, closing DM2 higher at DM462.50 aftar Wednesday's half-year profits growth. SAP, the computer

software groop, rose another DM31 to DM1,403 on analytical

MILAN fell 2.2 per cent as

dation of its prospects.

THE BUROPEAN SERIES 10.30 11.60 12.60 13.00 14.00 15.00 Close FT-SE Euroback 100 1343.72 1342.18 1341.75 1338.06 1331,25 1332.31 1330.89 1329.52 FT-SE Puroleuck 200 1265.15 1393.95 1393.46 1398.97 1394.02 1396.11 1385.48 1383.58 1343.63 1394.10 1342.94 1345.30

budget worries drove the lira to fresh record lows against the D-Mark and subsequent Bank of Italy intervention to support the currency provoked concern that it might also decide to raise interest rates. The Comit index fell 14.92 to 658.05, while the real-time Mibtel index finished 226 down

at 10,476. Banks were unsettled further worrles that the mini budget might include a one-off tex on their reserves. Credito Italiano declined L24 to L1.848 and BCI dropped L78 to L3,805. Among insurers, which might also be affected, Generali lost L813 at L38,668 and Alleanza L305 at L17,251

Telecom Italia fell L119 to LA,427, and Stet L113 to LA,966 as Iri, the state holding company, approved procedures for

still stirred by takeover talk.

BANGKOK rose on institu-tional buying, the SET index

putting on 21.79 at 1,308.22 in

Safari World, which made its

market debut, attracted strong

attention, rising Bt8 or 14.7 per

cent to Bt54 from its IPO price

of Bt46. It was the session's

most active stock, accounting

for about 11 per cent of the

market turnover, with some

15.9m shares worth Bt798m

Telecommunications stocks

were also favoured, the sector

index adding 3.4 per cent in

turnover of Bt7.3hm

changing hands.

ment houses to co-ordinate the sale of its 61.3 per cent stake. ZURICH retreated on the dollar and fears of a setback on Wall Street. The SMI index

sing SFr21 or 3.1 per cent to SF7664 in response to the watchmaker's announcement late on Wednesday of a 29.5 per cent slide in consolidated net income last year, its first profits decline in a decade, and ns to cut the 1994 dividend. The shares had risen by 15.7 per cent from their 12-month low in December, collecting a number of analysis' recomm dations on the way.

shed 15.0 to 2,621.0.

revised upwards its profits forecast for 1994.

SMH bearers turned back. Polygram was sold on wor-ries about next week's results,

Georg Fischer gained SFr40 at SFr1,445 after the company

AMSTERDAM saw the AEX

especially on profitability in its film division, and the shares weakened 90 cents to FFr84. NedLloyd, threatened by strike action following the company's plans to cut jobs at CTA, in which it holds a 66 per cent stake, fell 40 cents to Fl 51.60. Internatio-Mueller, which holds the remaining CTA stake, was off F150 cents

1994

STOCKHOLM dropped S-E-Banken by SKr220 to SKr41.60 on a massive property writedown. But even Ericsson B

at Fl 122.60.

the Affarsvärlden General index closed 14.20 lower at

COPENHAGEN featured a DKril or 5 per cent gain at DKr226 for Girobank on a net loss of DKr560m, slightly better than analysts had expected. But analysts' forecasts of losses at Bikuben, Denmark's third biggest bank which reports next Monday, left the latter down DKr4 at DKr180 as the KFX index eased 0.18 to

he ind Tokyo

Production Car

Pair Europe

LISBON's banks of the day were Banco Portugues de Investimento (BPI), with a 1 per cent fall in profits and a share price up Es28 at Es2,560; and Banco Espirito Santo e Commercial de Lisboa (BESCL), down Es112 or 42 per cent at Es2,548 on a 13 per cent net profits fall. The BTA index. continuing its gentle slide, lost 8.6 to 2,766.5.

TEL AVIV shed 3.1 per cent on disappointing inflation indi-cations, the Mishtanim index falling 5.27 to 164.24 on analysis of January's consumer price index constituents.

Written and edited by William

KARACHI was boosted by a

good set of corporate results, lifting the KSE 100-share todex

ICI Pakistan, among those

issuing yaar-end figures, climbed Rp6.50 to Rp226.50. BOMBAY fell 2.15 per cent

on sustained selling by mutual

funds and speculators in reac-

tion to moves by the banks to

lift their prime leading rates

15.99 to 1.864.97.

# Nikkei average returns to its post-earthquake lows

#### Tokyo

Selling of high-technology stocks brought the Nikkei 225 everage near to this year's post-earthquake lows on an intraday basis, and pushed it down to its lowest close since January 1994, writes Emiko Terazono in Tokyo.

The index lost 210.41 or 1.2 per cent at 17,780.59 , having fluctuated between 17,742.37 and 17,970.69. First section volume came to 280m shares, against 269m. Banks were among small-lot buyers in the afternoon, while margin traders unwound long positions due to margin calls.

The Topix index of all first ection stocks slipped 12.48 to 1,384.17 and the Nikkai 300 shed 2.46 to 253.71. Falls led rises by 752 to 198, with 192 issues unchanged. In London tha ISE/Nikkei 50 index lost 2.10 at 1,124.45.

Concern over long arbitrage positions depressed investor confidence. After the market had closed the Tokyo stock exchange amounced that long margin positions against stock index futures totalled 1.4bn shares, as of Tuesday, for the first time in eight months.

Some traders were concerned that there had been little progress in rollovers of positions from March futures contracts to June contracts, raising the possibility that arbitrage unwinding could hit cash shares ahead of the March 10 settlement date.

High-technology issues were sold by overseas investors: Sony fell Y190 to Y4,380 and Kyocera Y90 to Y4,380. In the heavy electricals sector, Hitachi declined Y18 to Y814 and Toshiba Y5 to Y605.

Individuals sold construction stocks: Sumitomo Construction, the day's most active issue, dropped Y46 to Y734 and Penta-Ocean Construction Y38 to Y776. On the other hand, private investors dabbled in speculative favourites, pushing Sakai Ovex, the synthetic fibre maker, np Y3 to Y746 and Yamanouchi Pharmaceutical shead Y10 to Y2,040.

Corporate selling depressed Nippon Steel, Y9 cheaper at Y330, and Mitsubishi Heavy Industries, Y3 easier at Y602.

US Dollar Index

Pound Sterling Index

158.71 151.18 172.06 163.87 170.57 162.45 125.43 119.46 129.36 120.35 259.68 120.35 259.68 160.95 164.94 157.09 147.36 140.34 318.35 303.21 210.84 200.81 31.16 77.30 148.07 159.27 481.99 459.06 1013.41 203.61 222.78 212.15 72.36 259.71 214.11 203.92 348.21 329.74 303.03 228.61 135.84 122.37 247.32 235.65 169.22 165.17 149.21 142.11 183.89 184.79 187.55 188.15

187.55 188.15 123.23 181.20 172.58 113.03 171.76 183.59 107.14 236.72 224.50 147.03 151.03 143.84 94.21 159.57 151.99 99.54 193.14 183.95 120.48 150.09 148.26 97.11 229.28 218.38 143.03 159.95 152.34 99.77 169.00 160.96 105.42 187.80 178.86 117.15

159.95 152.34 169.00 160.96 187.80 178.86

Gross Div. Yiekt

4.04 1.18 4.21 1.44 2.75 1.0,79 3.18 3.38 1.75 3.38 1.75 3.38 1.75 2.26 4.26 1.54 2.28 4.28 4.28 4.28 4.28 4.28 4.28

2.80 3.09 1.44 1.24 2.07 2.83 2.46 3.25 2.09 2.17 2.94

Privatisation stocks were 1.000.28 as expectations of an also weaker, with Nippon Telegraph and Telephone down ¥13,000 to Y695,000, falling Volume swelled to 418m shares below Y700,000 for the first time since December 1993. from Wednesday's 244m. Multi-Purpose Holdings led activity, finishing 24 cents lower at MS4.68 after trading at Telecommunications issues on the second section were also hit, DDI dipping ¥4,000 to a high of M\$5.10, with interest

Y50,000 to Y2.22m. In Osaka, the OSE average shed 195.84 to 19,470.05 tn volume of 169.8m shares. The index fell for the third consecutive day, led by the weakness in high-technology stocks. Murata receded Y180 to Y2,860 and Rohm Y180 to Y3,060.

Y680,000 and Japan Telecom

#### Roundup

Wall Street's record overnight close provided an early incentive for the region's markets, but profit-taking featured later in the session.

HONG KONG continued to build on Wednesday's 3.1 per cent rebound during morning trading, adding 2.9 per cent. before rampant profit-taking pulled prices back and left the Hang Seng index only 30.20 up on the day at 8,133.39. In subsequent London trading tha indicative index fell 67 to 8,066. Turnover was a preliminary

HK\$5.9bn, compared with Wednesday's HK\$3.2bn. Property shares, which led the early rises on foreign fund buying, retreated in the afternoon. The property sub-index ended 11.26 points down at 13,702.60, having gained 3 per

cent at one stage The H-share index of mainland China stocks traded in Hong Kong dipped 11.60 or 1.1 per cent to 1,048.52.

SHANGHAI'S hard currency B share index was higher, but ended off the day's best level as the market tracked developments in Hong Kong. Investors, however, remained hopeful of a positive outcome to the Sino-US trada talks. The B index rose 0.392 to 57.593 in increased volume of 16.9m

shares. KUALA LUMPUR pulled back from its highs as profit-taking dominated afternoon trading, following the pattern set in Hong Kong.

The composite index still closed 10.71 or 1.1 per cent up 989.99, after reaching

Currency 62 week 52 week Index High Low

128.23 141,01 210.45 275.27 186.49 201.41 135.77 181.44 115.96 160.40 316.97 447.18 191.59 216.50 97.43 97.78 69.24 170.10 473.65 594.76 6366.64 2578.14

473.65 594.76 6365.64 2578.14 172.42 223.30 60.75 77.20 193.00 218.03 322.01 401.38 260.63 150.62 270.27 247.40 134.16 199.52 145.00 164.76 208.93 197.55 198.51

161.94 - 151.59 178.01 218.43 235.72 98.46 176.96 118.00 175.14 102.85 194.04 131.68 158.12 202.99 273.84 121.58 176.55 140.46 178.59 176.25 192.00

160.59 197.70 145.93

154.78 175.67 144.12 211.18

131.43 198.89 177.04

134.89 267.18 149.05 178.24 132.56 447.15 192.45 76.30

Local

98.00 124.90
107.32 135.40
106.39 134.23
78.24 98.71
78.82 99.44
131.98 204.35
118.44 149.43
102.99 115.96
196.58 250.53
131.62 165.83
50.83 63.87
89.24 112.89
300.65 379.31
832.13 797.51
138.97 175.33
45.13 88.34
138.56 168.50
215.96 278.47
84.72 108.90
154.27 194.83
105.56 133.17
93.07 117.48
123.23 155.46

142.59

135.17 185.50 118.85

125.58 152.00 122.52 180.45

171:21 163.06 106.79 134.78 144.43 180.80 165.92 176.01

99.77 125.87 105.42 138.00 117.15 147.79

turnover of Bt1.5bn, Telecomearly general election contin-Asia led the gains, rising Bt3.50 ued to boost retail interest. TAIPEI paid attention to

stocks in the electronics sector, while the weighted index firmed 70.30 or 1.2 per cent to 6,646.55. Turnover was an active T\$77.4bm.

Among electronics, Elite-group jumped by the daily 7 per cent limit to T\$53. Tha financial sector attracted buying, with the new listing China Life ending lim-

it-up at T\$103.50. SYDNEY was encouraged by a rally on the local bond market, and the All Ordinaries index was up 17.3 to 1,860.2, after touching 1,865.3, in turnover of A\$564m

Fairfax was heavily traded, adding 10 cents at A\$2.80 in volume of 7.4m shares following recent takeover specula-tion. In the same sector, News Corp firmed 10 cents to A\$5.65. WELLINGTON's NZSE-40 index moved up 20.24 to 1,988.21 in volume of NZ\$56m.

Brokers took a second look at Telecom after Wednesday's third-quarter results and the shares improved 4 cents to NZ\$5.45. Natural Gas Corp rose 5 cents to NZ\$2.05 on posting a first-half profit of NZ\$12.8m.

SINGAPORE saw heavy dealings in Malaysian stocks traded over the counter and the Straits Times Industrial index rose\_25.38 or 1.2 per cent

to 2,133.07 in volume of 408m shares, the highest since last SEOUL was lower for a third straight day due to lingering worries over a continuing liquidity squeeze. The compos

ite index lost 2.60 at 923.49,

having rallied from a day's low

of 911.27 on bargain hunting among bank shares, increas-

from 14 per cent to 15 per cent earlier in the week. The BSE-30 index shed 74.98 to 3,410.16, further pressured by some speculators being forced to mobilise funds to square up their transactions in group B shares yesterday, the last day of the cur

rent account period.

Reliance Industries, with a 12.8 per cent weighting in the index, slid Rs8.75 to Rs256.25, with Morgan Stanley believed to have been a heavy seller.

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#### RHÔNE-POULENC INFORMS ITS SHAREHOLDERS

#### 1994 net income doubles

In line with forecasts, Rhône-Poulenc's 1994 results show marked improvement. This progress is linked to:

- the initial stages of recovery in sectors that are particularly sensitive to general economic

conditions, - changes in Rhône-Poulenc's mix of business activities.

- the Group's commitment to programs designed to improve competitiveness in all sectors of activity.

#### A SHARP UPTURN IN SALES

Coosolidated sales rose to FF 86.3 billioo (+ 7.1%). This growth can primarily be ettriboted to an increase in sales volumes, especially in the Chemicals and Fibers sectors. Sales prices in these sectors remained low, though they began to pick up in the second balf of 1994. Pharmaceutical prices fell in several countries, a direct result of government policies to reduce beaith care costs.

#### IMPROVEMENTS IN **OPERATING RESULTS**

Operating income rose 17.3%. Excloding exceptional items, operating income increased by 24%, reflecting the Group's continued commitment

to improve its operations: Operating income increased fourfold in the Fibers and Chemicals sectors, the result of both a series of restructuring and productivityenhancement programs implemented in the past several years and the beginning of an economic upturn in

 A 40% increase in the Agro sector reflecting lower fixed costs and a more favorable product mix.

· A slight decrease io operating income in the Health sector due to a  Sharpty improved performance

Consolidated sales: FF 86,3 billion

Income from operations: FF 6.9 billion

Net income per share: FF 6.40 (± 67.5%)



General Shareholders'

Meeting

 $(\pm 7.1\%)$ 

 $(\pm 17.3\%)$ Net income: FF 1.9 billion

 $(\pm 99.1\%)$ 

Higher earnings per share and proposed dividend

Gross dividend: FF 4.20 (± 17%)

beyond.

April 13, 1995 (first call: March 31, 1995) restructuring measures at Rhône-Poulenc Rorer. Excluding exceptional items, operating income in the Health sector increased by 5.4%, reflecting excellent performances in human vaccines and animal bealth as well as higher sales at Rhône-Poulenc Rorer during the secood balf of the year. Free cash flow from operations cootioued to improve, reaching FF 2.7 billioo, compared to

#### NET INCOME DOUBLED, DIVIDEND RAISED

FF 2.1 billion in 1993.

1994 oet iocome iocreased to FF 1,915 million, e 99.1% increase over the 1993 level.

Net income per share rose to FF 6.40 in 1994, compared with FF 3.82 the previous year, an increase of 67.5%. The gross dividend will be raised to FF 4.20 (including a tax eredit of FF 1.40), 17% above the 1993 level.

#### INNOVATION

Research & Development expenditures rose to FF 6.7 billion (+ 4.1%). All sectors combined, e total of approximately 20 new products were launched io 1994 and patent applicatioos were filed to e oumber of countries. Their impact on sales and income should be felt in 1996 and

#### 1995 FORECASTS

Reflectiog continued growth io resolts from operations and its ongoiog commitment to improve competitiveness. Rhôoc-Poulcoc expects to post further improvement in its 1995 results.

For further information, please contact: Mr. Philippe Rumeau 25, quai Paul Donner. 92408 Courbevoic cedex - Fran Tel. (33.1) 47.68.08.97

RHÔNE-POULENC